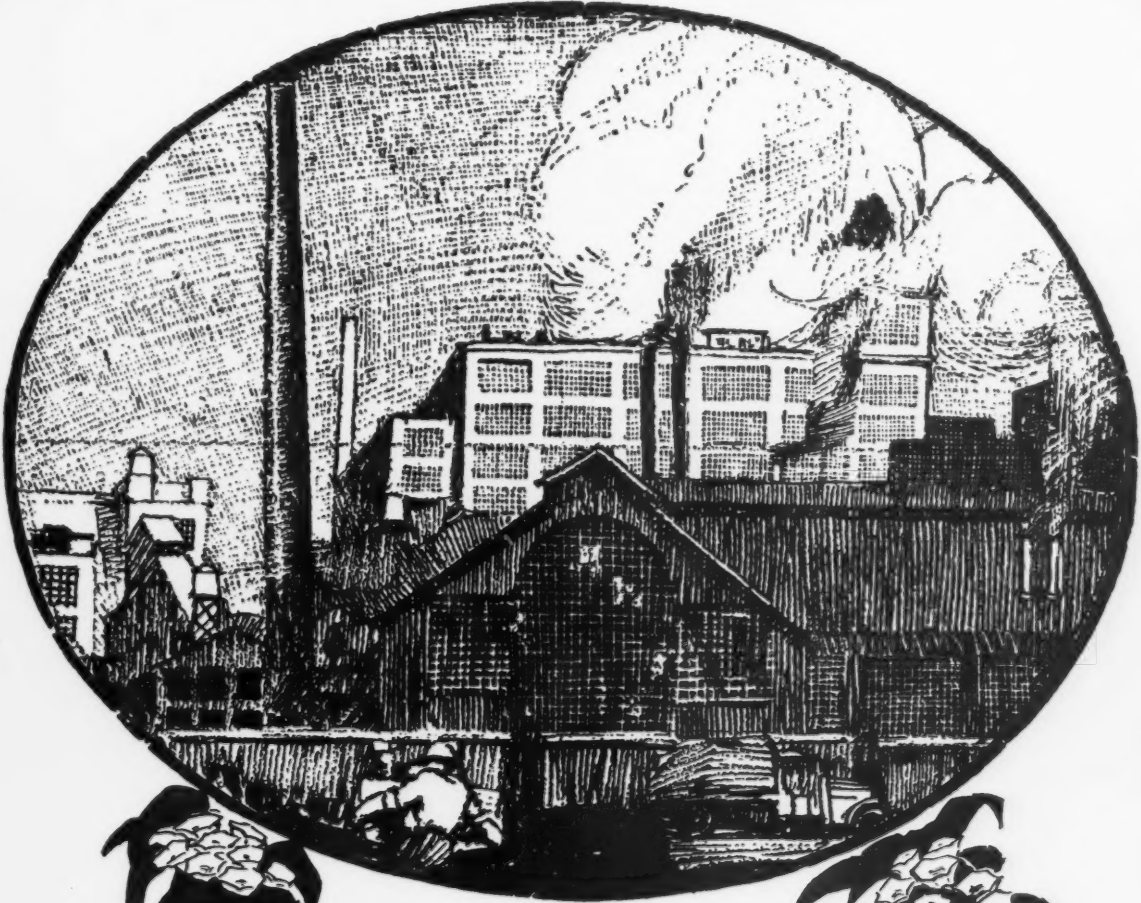


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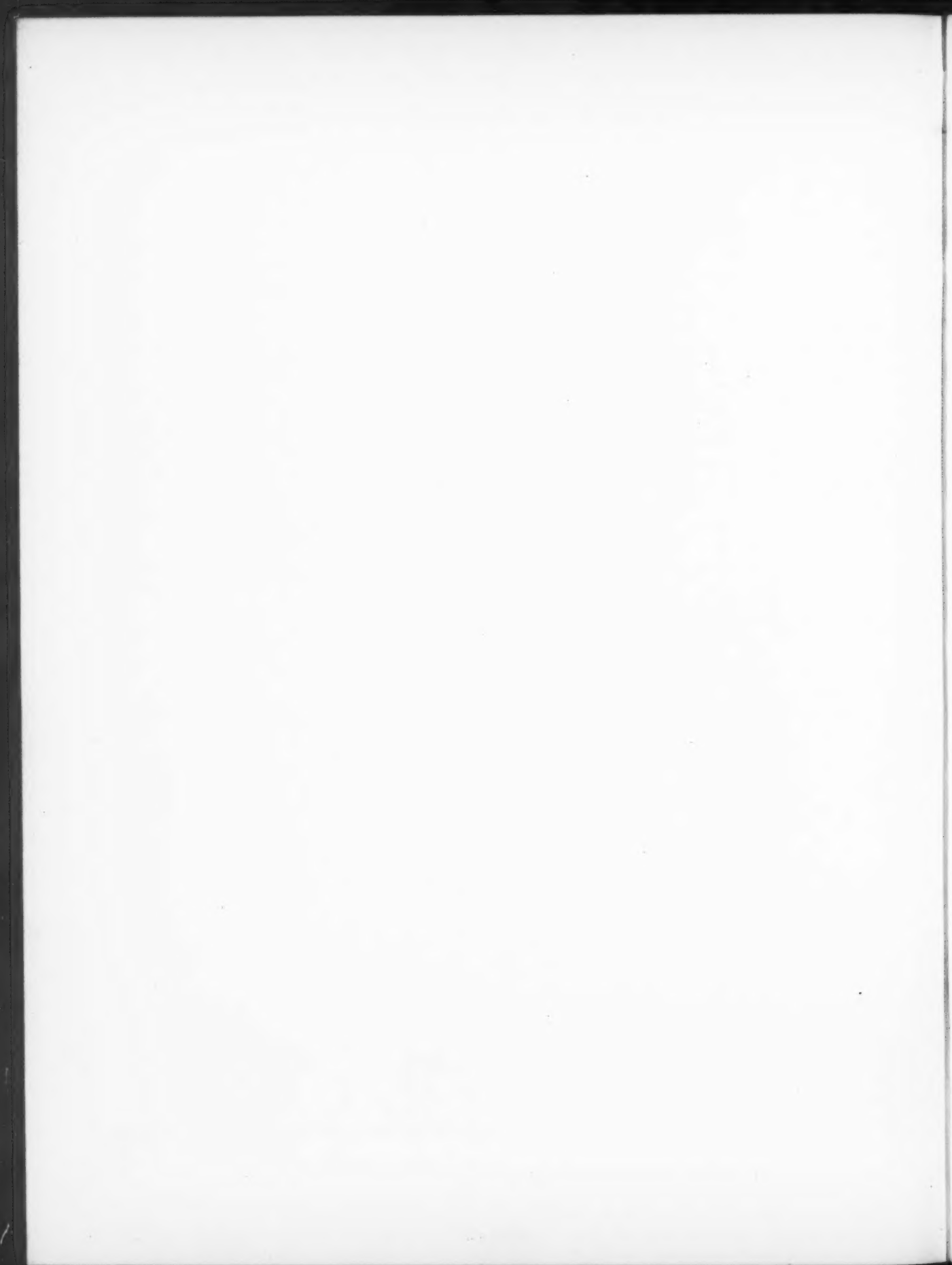


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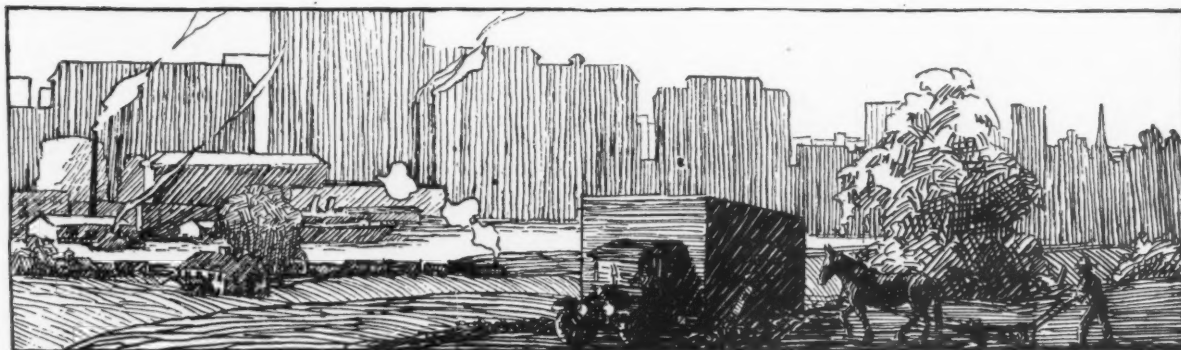
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This number of "Connecticut Industry" will be largely devoted to the Annual Meeting of the Association, which was held on November 22 at the Hotel Taft in New Haven. By action of the Board of Directors no annual report will be published this year and the material ordinarily contained in it, with the exception of the Treasurer's report which will be printed separately, will appear only in this and later numbers of the magazine.

The Editor.

ANNUAL REPORT OF THE PRESIDENT

*Delivered at the Annual Meeting of the Manufacturers Association of Connecticut, Inc., at New Haven,
November 22, 1923.*

By E. KENT HUBBARD

At this milestone of development and progress in our affairs there are certain trends which should be noted and certain obligations which we as citizens of the United States and of New England should attempt to fulfill.

As nationals we should remember that fate has bestowed upon us a place of leadership and pre-eminence among the nations. It should therefore be our duty to live up to our world responsibilities. With a real era of reconstruction and rehabilitation in Europe, our opportunities here and abroad will be boundless. It is our duty to prepare to meet them. We must think of the future in big terms and meet our problems with determination and optimism.

In these days of great portent, of influences affecting not only the present but also the future of the entire world, affecting the destiny of each living person and all who are to come, every ounce of intelligent duty and patriotism is necessary. There is no organization of comparable size that can do more than the Manufacturers Association of Connecticut. The mere fact that our Association consists of only about 800 members should not discourage us.

Eight hundred devotedly patriotic, blue blooded Americans, through their various ramifications and in their respective ways can be a great power for good in our state and in the nation. We should lead the way in insisting upon a government and governmental policies big enough to meet our national opportunities and responsibilities. We should employ all agencies for enlightening the people, such as the public schools, the press, libraries, pulpit, platform. Our heritage is the message of our first President coming to us down the ages in his farewell address:

"In proportion as the structure of a government gives force to public opinion, it is essential that public opinion should be enlightened."

Such are our duties as nationals, yet we have

other obligations, for to us of New England has been given the stewardship of New England's industries, and I say to you that it is incumbent upon us to look to our laurels if we are to retain our place among the important centers of the world.

I may begin by saying that we do not agree with those who feel that New England is doomed as a manufacturing center. We are not alarmists. We are not pessimists. We know how firmly our institutions have been built.

We knew that we could not retain absolute supremacy in all lines, as no given section can assume such supremacy in a country as rich in natural resources and as great in extent as is the United States. We do know, however, that New England will retain her importance industrially.

However, I fear that many of us feel so self-sufficient and complacent that we are apt to discount completely the movement of industry to other sections of the country. We may say that we are New Englanders by the Grace of God and through the discrimination of our ancestors. We may boast of our past supremacy but unless we heed the warning signals which have been set before us we cannot meet the competition which has developed. And when I say "WE" I mean labor, the investor, the industrial executive, the legislator and the state executive — the latter two by no means the least important for it is they in whose hands lies a great measure of direct responsibility.

Not through choice nor studied decision did our forefathers select New England as the ideal place in which to start life in the New World. It was rather through chance — but, with that indomitable spirit which characterized them and their descendants they overcame obstacles and made New England the work shop of the country. Yes, of the world. *They* were self sufficient as *we* cannot be today.

It was not so very long ago that there was no capital outside of New England. Only a comparatively few years ago did New England capital become migratory, as did her workmen, and go to the South and West to establish manufacturing. It flowed into the Middle Atlantic States, thence Westward and more recently Southward. With it, in many cases, went the skilled workmen and the young managerial brains. One may see to-day evidence of New England origin in the cotton textile mills of the South and of the South-west, in the woolen textile mills of the middle and far West, in the shoe factories, metal plants and paper mills of the middle West. One will find in these sections of the country New England management, sub-management and craftsmen.

It is time, therefore, for us to analyze our position and to define the results of the actual and intended actions of our legislators, of the existing relations between labor and management and to take stock of our geographical, geological and economic resources and facilities.

Only a quarter of a century ago New England was supreme, primarily, because of the superiority in management, workmanship and methods! Today she enjoys no such advantages. The introduction of automatic machinery has depreciated, to some extent, the work of the skilled craftsman. Just as the Industrial Revolution lessened the effectiveness and the popularity of the apprenticeship system, so has the introduction of automatic machinery tended to decrease the number of skilled craftsmen.

Immigration

The operation of a Dillingham 3% Immigration Law has also been one of the greatest barriers to New England's industrial progress. You may know that your Association has taken an extremely active part in attempting to secure the enactment of a more equitable and scientific law. We have been in close touch with Washington and with other state and local organizations through the preliminary stages of the efforts to co-ordinate opinions and unquestionably this is a matter which

should and will continue to receive our closest attention.

Industrial Research

Many of the trade secrets which were so guardedly maintained by New England industry for such a long period of time are now common property and for the most part it is the development of industrial research that has brought this about. True, many of the larger establishments in Connecticut and in New England maintain research laboratories which are second to none in the United States. It is true, also, that New England boasts of the greatest educational institutions in the country, all of which recognize research as one of the three great functions of centers of learning. It is true, also, that New England may point with pride to the research foundations within her borders. However, the smaller and many of the larger industrial plants still depend upon others for the development of new processes and the perfection of operations. They rely upon the wasteful method of trial and error. They depend upon the pioneer investigator.

If I were asked to give my opinion as to the present needs of New England I should include industrial research. If I were asked to state the important future functions of a state manufacturer's association I should place the development of industrial research well to the fore of the list.

Recognizing this need the Directors of your organization, eight months ago, raised a special research committee. This committee has met with a similar committee appointed by the President of Yale University. Definite proposals have been made and there is every reason to hope that within the coming year a plan of cooperation will be in operation. The committee and the staff of the Association have, in an incredibly short time, arrived at conclusions which, with proper cooperation on the part of the members, will mean much to Connecticut industry.

In my opinion industrial research is one of the most formidable instruments which we can use in maintaining our supremacy. It is akin to "Yankee Ingenuity." It is "Yankee Ingenuity" brought up to date — scientificized.

Lack of Natural Resources

We must use all of our facilities for to-day New England is entering upon a new era. We must compensate ourselves for the lack of mineral resources for of these we have almost none. We are compelled to transport every ton of iron and coal. Copper, lead and zinc must be brought from afar by rail and by ships. Our forest products are constantly decreasing. In fact every raw material which we use must be transferred at a great cost and with much uncertainty of a continuous or regular supply. Likewise our finished products are subject to the same uncertainty of delivery. One need but attend a single meeting of the Traffic Committee of the Association in order to convince himself that the trials and tribulations of the traffic experts of this state and of this section in meeting the competition of other sections are great.

Ocean Transportation

Whereas, in days gone by, Boston, Salem, New London and New Haven were world ports where were gallant clipper,

"Yankee ships

That flew the stripes and stars
And the whistling wind from the West, nor'
West

Blew through their pitch pine spars "

today New England ships are next to unknown on the seven seas and New England ports must be rated second to many. The development of our ports and of our shipping is, therefore, most desirable.

Railroad Transportation

In the matter of railroad transportation we are likewise hampered. To you who are shippers I need not recount the difficulties which are experienced, nor need I more than refer again to the remarkable work which has been done by your Traffic Committee in your behalf and about which you have just heard at first hand from its chairman, Mr. French. I need not remind you of the loss of business due to the laying of embargoes, the burden of high rates, the high cost of securing adequate supplies of fuel and of raw materials, and of delivering the finished products.

As Chairman of the Connecticut Committee on Railroad Consolidation I have had the particular good fortune to make, with the other members of the Committee, a detailed study of this problem of ocean and rail transportation. I have long realized, as have all of you, that we of New England must do more than merely talk if we are to reach a permanent solution which is so necessary to our industrial future.

You will remember that the Transportation Act of 1920 instructed the Inter-state Commerce Commission to divide the country into a limited number of districts and to consolidate the railroads into competitive systems which would conform to those districts. In accordance with the letter and the spirit of the Act the Governors of each of the New England states appointed a committee to undertake a study of the problem. The state committees, thereupon, formed themselves into a body known as the Joint New England Committee on Railroad Consolidation.

The members of the Joint Committee and the technical staff sat hour after hour and day after day at the across-the-table question and answer discussion with the officials of the several New England railroads. As an illustration of the amount of time spent and the thoroughness of the study, I may say, that the examination of the fourteen officers of the New York, New Haven and Hartford Railroad occupied nineteen days and that the testimony covers two thousand six hundred and one pages of the Committee's record. In addition the Committee and staff made inspection trips of the important roads, visiting terminals, classification yards, construction, erection and repair shops, locomotive shops, harbors, piers, etc. Through the entire investigation the officials of all the railroads gave unstintingly of their time and energy and their attitude was most cordial.

Public hearings were held in the various states and I may say that the chief result was to show the woeful lack of knowledge and of interest displayed by the people of New England in a subject of such vital interest to them.

I need not tell you, for you already know, that it was Mr. James J. Storrow who, as

Chairman of the Joint New England Railroad Consolidation Committee, was primarily responsible for all that the Committee was able to do. Throughout the long and tedious investigations he gave unstintingly of his time, energy and money. We are fortunate indeed, that he has consented to be with us today.

It may be that I have appeared to have digressed from my main theme but with your indulgence I should like to take up in turn the obstacles with which New England's industrial progress is confronted and to point out to you the important part which your Association has taken in reaching a solution in each case.

Power

I have spoken of the difficulties and the expense in securing adequate supplies of fuel. This cloud of uncertainty will always overhang us unless definite steps are taken to utilize substitutes for coal. The ultimate answer, I believe, is hydro-electric power. True, water power has, to some extent, supplied the deficiency but its use must be more universal for it cannot be denied that the South is surpassing us rapidly in the use of this economical power.

Under the leadership of Mr. F. S. Chase, Chairman of our St. Lawrence Committee, the Association has called various experts to Hartford to discuss the St. Lawrence-Great Lakes Power Plan and other projects. It now has under consideration, with the Associated Industries of Massachusetts, a Joint New England-Mid-West Conference to be called for the purpose of smoothing out some of the difficulties which have arisen.

Taxation

New England is handicapped not alone by the lack of natural resources but the legislatures of the various states in this section have established artificial barriers to progress. A most short-sighted policy has prompted them, for example, to levy excessive burdens of taxation. They proclaim loudly that our rates compare favorably with the rates levied in states outside of New England. However, this does not explain the fact that the state and local taxes absorbed, in 1919, 4.2% to 5.5% of the total income in the four states of Massa-

chusetts, New Hampshire, Rhode Island and Connecticut as compared with 2.4% to 3.2% in North Carolina, South Carolina, Georgia and Alabama. I have already spoken of some of the artificial advantages of other sections of the country and shall, I hope, before I finish, point out additional ones. Those of you who attended our Finance and Taxation conference this morning heard some very interesting facts about our tax problems here in Connecticut and you have just heard more of the work of our committee through Mr. Miller. Unquestionably there is no subject which has offered greater possibilities of service to our members than this, and the Association may feel that its interests have been and will continue to be watched carefully and well under the able leadership of our Tax Committee and its advisor, Professor Fairchild, both in matters of federal or state taxation.

Hours of Labor

Probably none of the handicaps which New England endures are greater than the legal hours of labor in force in her several states. Our neighboring state, Massachusetts, once the greatest of all cotton textile states, has had forced upon her a 48 hour week. Small wonder that she cannot continue to compete with Georgia, Kentucky, Mississippi, North Carolina and South Carolina, all of which operate under a 60 hour law.

Small wonder that the great silk industry in our own state finds it burdensome to meet the demands for increased wages when in competition with New Jersey which operates under a 60 hour week.

Of course, there are those who say, without knowledge of facts, that production is greater under the shorter working schedule. I need only point out that in a recent study of 436 plants with 375,000 employees it was shown that under the 48 hour week only 2.9% increased production; only 7% maintained production; while in 90.1% production was materially decreased. Similar conclusive arguments may also be found for your particular industry — for the metal industry, boots and shoes, silks, woolens, cottons and other industries.

I say to you, therefore, that we must look

to our laurels. Whereas New England once furnished the entire country with textiles, today every towel used by the Pullman Company is made in Kannapolis, North Carolina. Every time you ride in a Pullman sleeper you sleep between sheets made in Danville, Virginia. Every yard of B. V. D. Dimity is made in the south. One-third of the denims and colored cotton goods is made in Greensborough, North Carolina. The largest damask mill in the world is at Roanoke, North Carolina. The largest hosiery mill in the world is at Durham, North Carolina. The largest underwear mills in the United States are located at Winston-Salem, North Carolina. All of the woolens used by West Point and Annapolis are made in Charlottesville, Virginia. The uniform cloth for the mail carriers of the United States is made at Columbia City, Indiana. I could multiply examples not only in textiles but in other lines; the metal industries are moving to Ohio; the boot and shoe industry are moving to St. Louis and so on.

However, as I said in the beginning we are not alarmists. We have every faith in the future of New England. But, as I have pointed out, the dangers which confront us are real and we must bend every effort toward the utilization of our existing resources and facilities and the overcoming of our deficiencies.

We have every opportunity to develop hydro-electric power on both the individual unit plan and the super-power plan. Our timber resources should and can be made to supply a great portion of our needs. The great work which the farmers and agricultural colleges of this state have begun should be participated in by all. Our transportation system is capable of rehabilitation and we should do everything in our power to aid those who are attempting to reach sound conclusions. Our heavy burdens of taxation should be reduced. Our legislators should understand that industry must live and prosper if the individual is to prosper.

I have said that a great measure of the responsibility for New England's future lies with the legislators and the state executives. In the report of the legislative activities of the Asso-

ciation which you recently received you found that every bill, with the one exception mentioned, which was opposed by your Association, was either killed in committee or rejected on the floor of the House or Senate. Your Association, however, does not take entire credit. Due credit must be given to the members of the various committees of the legislature, to the members of the 1923 General Assembly and to the State Executives who recognized the fundamental principle that a needless law is a break to economic progress and that a vicious law would sap the very life blood of Connecticut and New England.

Can any one of us forecast the dire results had House Bill No. 341, which had for its object the establishment of the 44 hour week, passed? I, for one, do not pretend to know whether or not the legal hours of labor should be 44 or 60. I feel that a great deal of research work must be done before the matter can be solved with any degree of accuracy or fairness. I do know, however, that we cannot afford to establish a 44 or 48 hour week in Connecticut as long as other states permit a 60 hour week. I say, therefore, let us wait until the shorter hours of labor have become more universal. After all it is a question of competition. Labor cannot afford to force it. For upon cooperation between the investor, management and labor shall be decided whether or not New England, as an industrial center, shall continue to exist. Industrial warfare can mean nothing but utter ruin to all parties concerned. We of the laboring class, we the investors and we the management cannot follow the leadership of those outside of New England whose interest is not in New England but is in promoting personal ambitions. Let us bear in mind that New England management and labor, jointly, are competing with other sections of the country.

National Contacts of the Association

It is not my desire to burden you with a detailed account of the services rendered by the Association during the past year. With your permission, however, I should like to present to you in graphic form a picture of your As-

sociation as it functions in furthering your interests.

I presume that many members do not realize that the Manufacturers Association of Connecticut maintains direct contact with every section of the United States. Nor can anyone outside the operating staff appreciate the value of such contacts. Our Washington representatives keep us in touch with every proposal which directly or indirectly affects the interests of Connecticut manufacturers. When great pressure is needed to forestall a particularly vicious piece of legislation we have at our call the entire weight of organizations all over the country. This is but one illustration of the value of such contacts.

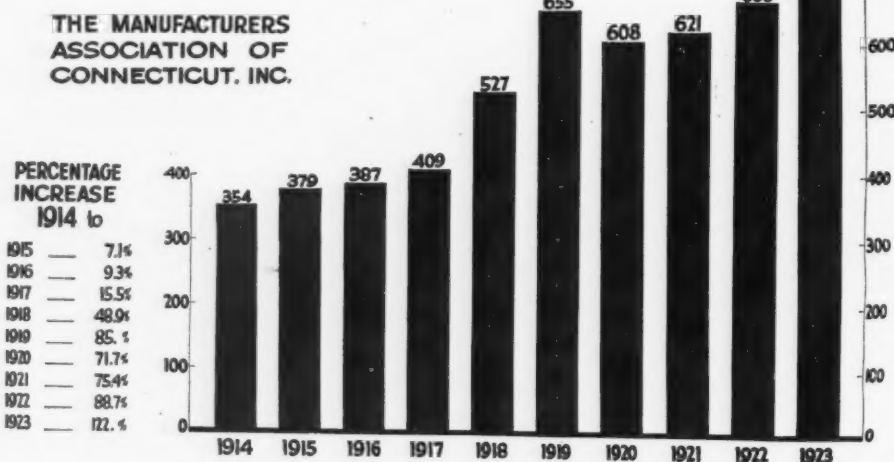
service performed by each of these groups cannot be overestimated, and this Association points with pride to the organization, under its leadership this year, of three new local associations.

Any organization built upon selfishness cannot endure. Your Association has taken quite as keen an interest in promoting the general welfare of the state and its people as in furthering its own interests. We find evidence of this in the fact that the officers and directors have accepted appointment to innumerable civic, educational and governmental bodies.

Character of Membership

I have repeatedly pointed out that our Association exists for all manufacturers of the

ASSOCIATION MEMBERSHIP 1914 - 1923



State Contacts

Our contacts within the state are many and have aided materially in making the Association the power and the influence for good that it is today.

As most of you know the Connecticut Industrial Council which has been fostered by the State Association is an organization made up of 32 local industrial groups. Many industrial services which, prior to the formation of the Council, were of necessity performed by members of our staff have been done in cooperation with local secretaries. The invaluable

state — the small as well as the large. I have always contended that this must be so if effective work is to be done. It is therefore most gratifying to note that 272 of our members maintain plants with 1 to 50 employees. There are 132 concerns with 50 to 100 employees; 139 with 100 to 250 employees; 74 with 250 to 500 employees; 36 with 500 to 750 employees; 21 with 750 to 1000 employees; 14 with 1000 to 2000 employees; 14 with 2000 to 5000 employees and 2 with 5000 to 7500 employees. These figures are a direct answer to the smaller non-member manufacturer who maintains that

the Association can be of service to the "big fellow" only.

Condition of Membership

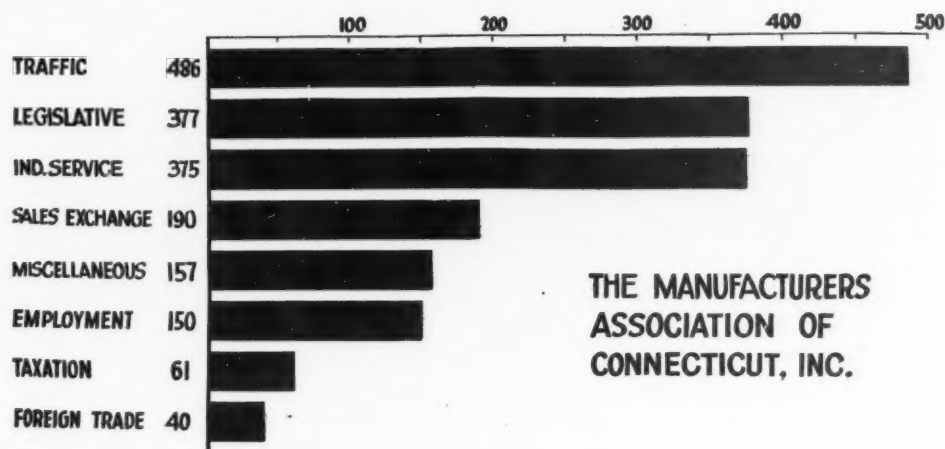
While speaking of the character of membership it might be well to report to you concerning the present condition of membership.

In 1914 the Association was made up of less than 360 members. Today we may boast of 786. The present membership total has been arrived at through a gradual and steady increase each year, with the exception of the year 1920 which marked the period of depression. It may be pointed out also that during the years 1919 to 1923, 259 new members have been added to our rolls. This record was

efficiency. In 1915 there were but 215 appeals for help of various kinds. By 1922 the number had increased tremendously and during the past year 1,836 specific requests for service were made by members. To my mind this is not only conclusive proof that members do use the Association but, if I may use a slang phrase, it is proof that the Association "delivers the goods."

It is also interesting to note the various types of requests for service. During the past year the Association aided members in 486 cases of traffic difficulties; 377 legislative cases; 150 employment cases; 375 industrial service problems; 190 sales exchange cases; 40 foreign trade cases; 61 taxation cases and 157 mis-

REQUESTS FOR SERVICE FROM MEMBERS IN 1923



**THE MANUFACTURERS
ASSOCIATION OF
CONNECTICUT, INC.**

made regardless of the fact that our staff was so reduced that membership solicitation could only be incidental and that a definite era of industrial depression, to which I have referred, is included in that period.

Use of the Association's Services by Members

It is most interesting to note that the services offered by the Association are used freely by both large and small concerns. In fact one may use the yearly increase of requests for service as an accurate gauge of the growth of the organization and of its ever increasing ef-

cellaneous cases — a total of 1,836 specific requests for service in addition to the general services performed by the Association. This does not include requests for any of our publications, for railroad reports, etc.

Industrial Disputes

Twenty-three industrial disputes resulting in strikes have occurred during the year 1923, or rather that portion of the year up to and including November 1. Pursuant to the policy established in 1920 representatives of the Association were in direct touch with the executive heads of all concerns, whether members of the

Association or not, and with the local organizations where such existed, when a strike was in progress or was threatened.

It is significant that although the total number of strikes occurring during 1923 was greater by 8 than in 1922 the number of working days lost, the estimated loss in wages and the estimated loss in production was proportionately lower. It is also of interest to know that there were totals of 84 strikes in 1920 and 27 in 1921

While no one can say that this desirable condition of affairs has been brought about by your Association, the Open Shop Conference of Connecticut, the Connecticut Industrial Council or any of the local organizations, I am of the opinion that through their joint efforts we are gradually establishing, in Connecticut, more cordial relationships and a more thorough understanding between labor and management.

I want to emphasize at this point however, my feeling that no leader of industry should permit himself to become enamored with the belief that we have arrived at an era of untrammelled peace and serenity. It is in a time such as this that we should redouble our efforts towards the promotion of the Open Shop in industry. Apparent inactivity on the part of organized labor means nothing in itself but it is apt to promote a dangerous passivity on the part of industrial leaders whose interests are with the Open Shop but who do not always realize that to promote its interests we must proceed uninterruptedly with our development of it in individual plants and with our education of the general public to its advantages. I express the hope therefore, that in 1924 we may see an even greater cooperation among our manufacturers in the work now well under way of making Connecticut a state where men and women may work where they wish, as efficiently as they are capable, and regardless of their affiliation or non-affiliation with any organization.

Conclusion

I wish that I might have the time to go into detail concerning the splendid work which each of the Committees have rendered. This,

of course, is impossible but I hope I have conveyed to you some idea of the importance of the work in which you, as members, have participated.

I have attempted in this report to point out what I conceive to be our duty as nationals. I have attempted to set before you certain facts concerning the specific problems with which New England, as an industrial section, is confronted. And finally I have given a brief statement of the efforts of your Association in meeting each problem.

You may be proud of the fact that you as members of the Association and particularly you as directors and as members of the various committees of the Association have completed a most successful year. Your Association is stronger, I believe, than ever in its history. As far as I am able to determine you have not failed to appreciate the importance of a single one of the problems which are before us. We know definitely the advantages which Connecticut and New England enjoy. We know our shortcomings and deficiencies. We have not boasted publicly of what we intended to do. We have done and are doing each job, we hope, successfully and completely. With this cooperation, with this foresight and with the support of labor, the investor and the citizen of New England, our industrial future is secure.

As a last word may I use the plea of the late President Harding?

"We must lend our hearts and our souls to the great principle, that economic security can be assured only through united effort."

NEXT MONTH
GUY MILLER WRITES FOR
CONNECTICUT INDUSTRY

on

"PURCHASING DEPARTMENT
FUNDAMENTALS"

REHABILITATE NEW HAVEN CREDIT NOW

Address by Mr. James J. Storrow, Chairman of the Joint New England Railroad Committee before the Annual Meeting of the Manufacturers' Association of Connecticut.

After the close of nine long days devoted to the New England hearing before the Interstate Commerce Commission, marking, as it also did the end of fifteen months spent on the New England railroad problem, you will perhaps understand a hankering on my part to get back again to my own amusements and my own affairs. But when I received the invitation from your president to be your guest at your annual meeting, I felt that I could not say no. I am glad to meet you gentlemen face to face and tell you how much the Joint New England Railroad Committee was indebted to Connecticut for its unfaltering support of the Committee in its efforts to analyze New England's railroad problem.

Our New England Committee and you gentlemen here are under the utmost possible obligation to the chairman of your Connecticut Committee, Kent Hubbard, and Edward O. Goss, George Stevenson, Stanley Bullard and Frederick Ford, the other members, for their courageous, persistent, and tireless work in trying to work out a constructive program for helping our New England railroads to attain the operating efficiency and the financial vigor essential to our industries and the prosperity of New England.

The hearing before the Interstate Commerce Commission in Boston opened with the presentation of the resolution of the Connecticut Manufacturers Association, the Connecticut State Chamber of Commerce, and other Connecticut industrial and commercial organizations, and this was backed up by the personal appearance before the Commission of such representative Connecticut manufacturers as

Mr. Chase of Chase Companies, Mr. Moore of the Stanley Works, Mr. Goss of the Scovill Manufacturing Company, Mr. Bliss of the

Farrell Foundry Company, and others. It started the hearing off on a high plane of ability and earnestness, and ended by making the New England hearings, as the Commissioners were kind enough to say to us, by far the most notable of any held anywhere in the country from the Atlantic to the Pacific coast.

New England's Existence Dependent Upon Manufacture

All New Englanders realize that New England's future hangs upon the success of its manufactures.

Eighty-seven per cent of the total wage earning population of New England is engaged in manufacture.

No doubt a large portion of the remaining thirteen per cent are engaged in work such as the distribution and sale of clothing, food and other essentials, the building trades and other occupations, which depend for their existence upon the operation of our industrial plants and the weekly pay envelopes of the eighty-seven per cent. I do not need to elaborate this. It is as clear as daylight that if we allow any condition to grow up or to persist which seriously embarrasses the operations of our industrial plants we are menacing the welfare of every man, woman and child in New England.

Now my second proposition is I think as irrefutable as the first. The locomotive with its attendant tracks, yards and cars, is just as essential to the successful operation of our factories as the main steam engine which drives the factory machinery. In our economic development the ownership of the production



JAMES J. STORROW

machinery and the machinery of transportation has been kept separate, but this does not negative the fact that the railroads perform an absolutely essential, complementary service without which our factories would stand idle.

Every manufacturer in New England who is worth a snap, and is achieving success, is counting the hours it takes him to get his raw material in at the receiving door and out of the shipping door of the plant. But it is also of the utmost consequence to him that his manufactured product should reach his customer with the least possible delay. He is working all day long to take the dawdle out of his plant, but it is also a vital handicap to him if his plant is located on a railroad which hands him a big dose of dawdle as soon as he turns his product over to the railroad to move to a customer waiting to pay him cash.

My third proposition is that taking it by and large, the State of Connecticut, and I will confine myself here today to Connecticut, has not been receiving for at least a decade the quality of railroad service which its industries need, if they are to continue to flourish, and if new industries are to seek out Connecticut as a place to locate. The New England Railroad Committee did not discover this. Our report only tried to analyze the more important causes in order that the people of these New England states might, if possible, remove them.

I have great respect for the general consensus of opinion of the people of a community or state in regard to efficiency of their railroad service. The people of Connecticut have 10,000 contacts a day with the New Haven railroad. They have fairly and soundly reached the conclusion, that if their state is to prosper, their industries must have better rail transportation. I am not finding fault. I am not saying who or what causes are to blame, but merely reminding you that Connecticut's railroad transportation has not measured up to the high standard of efficiency to which this state is entitled, and which it should insist on getting.

The total investment in all the railroads in New England is but a small fraction of the investment in property other than railroads. Leaving out all other kinds of property value, there is invested directly in manufacturing alone about six dollars for every dollar in our railroads.

New Haven Should Be Put On Sound Credit Basis Now

Leaving aside today the vital question of management, the point I want to bring home

to you is that if the New Haven is to adequately serve the people and industries dependent on the road, it must re-establish its credit.

The president of the New Haven testified before the committee that the practically irreducible minimum in the yearly requirement for new capital, amounted to three and one-half to four million dollars a year, and we should say that if the territory served by the New Haven is going to show even a restrained and moderate vitality, the capital needs of the New Haven are pretty certain to average as much as seven or eight million dollars a year.

But how is this new capital to be obtained? How, if Connecticut wants to grow, if it wants the present industrial plants to increase their output, and new industries to locate within the borders of the state, can the essential new capital expenditures to provide the needed growing facilities be made by a corporation which today is quite unable to obtain new capital? That this is the situation today, there can be no question. A mere reference to the market price of the New Haven securities brings this home to us. The stock is selling today at fifteen and the bonds in the forties and fifties. The New Haven railroad because of its financial condition is applying its brakes to Connecticut's industrial development and unless we can find a way to let the air off you are going to slow down practically to a standstill.

During the last months, with traffic at flood tide and weather conditions at their very best, the road has been able to earn a little over its fixed charges and though the road will show a failure to earn this year its fixed charges of \$23,000,000, by probably at least \$3,000,000, yet propaganda has lately been started to persuade us to be content to let the road stagger along a few more years if possible, in the hope that its securities will rise to quotations in the market which will make it possible for the New Haven to sell its securities in sufficient volume and at prices high enough to provide new capital at reasonable cost.

It is a delusion to think that a small margin above the fixed charges of nearly two million dollars a month earned in a few summer months when weather and traffic are 100% favorable can restore the New Haven's credit. Nor would such a margin if it could be averaged over the winter months and during periods of slack traffic attract conservative investors to New Haven securities.

The railroad security holders may wrongly, as I think even in their own selfish interest,

favor this "stagger along" policy, but should the state of Connecticut and her great industrial interests permit their future to be thus gambled with?

In the first place, exclusive monopoly of steam transportation places on the railroad an obligation to perform, and if it cannot adequately perform because of financial instability, due to the loss of 100 million dollars of its capital, or for other reasons, then the railroad should proceed to set its financial house in order.

In the next place, the railroad cannot pursue a policy choking and hampering our existing industries and causing new ones to settle outside of New England, without hurting the development and earning power of the railway, and so inevitably, in the long run, reacting unfavorably on its securities.

It is a short-sighted and mistaken policy even from the solely selfish point of view of the railroad. Is there any plan which can be formulated to loosen this iron band around our throats, and at the same time pay due regard to bondholders and shareholders.

If the bondholders will agree to take an income bond or a first preferred stock they will give the road a chance in my judgment to get on its feet and they will still have a prior right to whatever the road may earn, which is all they are going

to get anyway. If they will do this I am firmly convinced we can stage a come back for the New Haven railroad and these bond-

holders in a few years will have reason to be glad they lent their aid.

There should be a contribution from stockholders, yes,—for one reason because bondholders are asked to take part junior securities instead of fixed interest obligations.

But let the stockholders take courage, their way out is good credit and good management. Bad credit and good management will not pull them out nor will good credit and mediocre management. They are vitally interested, and no one any more so, in harnessing these two horses side by side, i. e., first-class credit, first-class management.

These two sturdy horses pulling together will do more to give value to their stock, than the "stagger along" policy. On the contrary, a "stagger along" policy will, in my opinion, almost inevitably wipe out absolutely the last shred of value they possess.

The policy of financially rehabilitating the New Haven road, and improving the efficiency of its operation, is the way out for our industries which must have the service and from year to year the increasing facilities only to be secured by the issue of new capital.



Governor
Charles A. Templeton

Yours is a great organization and if you so desire it can control the affairs of the state, because you are the men who are paying the bills back of it all.

Money flows into this state. When I tell you that Governor Baxter told me they spend two million dollars a year on twenty-five thousand miles of highway and when you consider that we in Connecticut spend eighteen million dollars on ten thousand miles of highway you will understand what I mean.

It is the great manufacturing industries which make Connecticut what it is. You have a great opportunity and I want to leave with you the thought that there is nothing you cannot do. I beg of you to do your little bit for the state as you do it for your own manufacturing concerns and not to forget that Connecticut needs your increasing support and influence.

INDUSTRIAL RELATIONS AT THE ANNUAL MEETING

Morning Group Conference

The morning group conference on problems of Industrial Relations was opened by Mr. J. E. Otterson, chairman of the Industrial Relations Committee. After a brief report by H. J. Smith, Industrial Secretary, on the organization work during the year, Mr. Otterson introduced Mr. C. F. Dietz, president of the Bridgeport Brass Company, who spoke on "Employee Relations in Fundamental Economics." Mr. Dietz illustrated his talk with arrangements of colored blocks, the system of graphic presentation which has been used in his own plant.

Mr. Dietz

I think there is a very broad field of activity that should be aggressively cultivated, and every means employed toward bringing about a better understanding of management's problems on the part of the workers in the shop. Those of us who have had a good deal of personal contact with the men in the shop, will I think agree that on the whole the shopman is a very decent sort of an individual. A great many unfavorable characteristics are ascribed to him which are represented by only an extremely small proportion of people in our various plants.

If they have misconceptions, if they do not understand, or seem to show an unwillingness to understand, it is because we are not speaking the same language, they and we. There has been comparatively little effort made to have the shopman understand the problems of management, to understand the problems of which he himself is a part, and to understand all of the factors that surround his daily life, his activities and what makes for the peculiar ups and downs with which he is familiar but does not and cannot understand. We have allowed him in the majority of cases to be wholly influenced by radical talk and propaganda; we have not as a general thing taken pains to correct the misimpressions, the misunderstandings that he is sure to obtain from the associations he has, which in many instances are deliberately given to him and on which his thoughts must be constructed, because he has no other basis.

We have in our organizations, all of us, groups of men of entirely different temperaments, varying talents and varying abilities. Many of them have gradually found themselves

in some particular kind of industrial work, becoming more or less expert at it and it finally becomes their trade. There is a great deal of latent ability and talent that is submerged, that never comes to the surface, and if it does not, it is almost entirely our own fault.

As a general rule men in the shop feel that their particular surroundings are shrouded in secrecy, the operations of the business with which they are connected are mysterious. They hear of operations and instances that mean little or nothing to them. If they have any capacity for thinking for themselves, it is perfectly natural that they should come to the wrong conclusions because they do not know the facts.

Secrecy leads to suspicion, and suspicion ultimately to distrust. If we could have all of the people in our shops understand the problems of management, the problems that go to make up their activities, some simple fundamentals of economics, and presented in such terms as to be understandable to them, most of the misunderstandings would of themselves disappear.

I think we must recognize that the management has that responsibility towards its individuals in its shops. It is not only a question of the number of people actually at work, punching the clock and working at our benches and machines, but it is the influence that that number has upon all of those that are dependent upon them.

A shop employing two thousand persons has anywhere from six to eight thousand persons dependent for their livelihood upon the success of that business. It represents not a small proportion of the population of a great many communities in which those shops are located.

There has been a great deal of talk about our rights; not very much about our responsibilities. Walter Edgerton very tritely put that a while ago in saying that he was getting a bit tired of hearing of all the activities designed toward the preservation of our rights; he thought it was about time that we began to think seriously of inaugurating some activities toward the recognition of our responsibilities, and I think he is right.

Our experience has been that most of the men in the shops want to know more of what it is all about. Today they seek employment. If accepted, they are given a number and a card; they are assigned to a certain depart-

ment; they come and they go, with no more attention being paid to them excepting that which has to do with their actual performance. Most of them do not even know what the shops in which they are employed manufacture.

A while ago we thought it was wise to take a number of our office people through the plant. They had occasion to deal with more or less technical and descriptive terms and in many instances these terms meant nothing to them. That was particularly true in stenographic departments or among clerks. In order to have them a little more interested in the work they were doing, it was thought desirable to bring them in touch with the actual operations in order that they might visualize those things with which they were dealing in the abstract from day to day. Small groups of three or four or five were organized and a great deal of benefit was derived by bringing the actual practice of the shop to the visual attention of those who have to deal with the work in the abstract.

One of the men in the tube mill asked when it would be arranged to have all the men in the plant taken about the plant, and he expressed a very gratifying desire to know something more of the business of which he was a part. He said he had been coming through a certain door every day for six or seven years. He had a certain job to perform and he knew how to perform it. He was trying constantly to excel on that particular job, but so far as knowing what it was all about he had very little knowledge, excepting from what he had learned from catalogs, periodicals, publications, advertising, and so on, but no personal, physical contact had been had with other than the particular thing he was doing.

That desire is a great deal more general than most of us realize. A man is not content as a rule to simply have a lot of material brought to one side of his bench left until he does certain things with it, deposits it on the other side and then watches it go somewhere else to finally lose itself in the further operations to be performed upon it. In many cases, he does not know what it looks like when it gets into the traffic department to be distributed to the trade.

A great deal of interest can be aroused on the part of the shopman when he knows more of what he is a part of, and what his contribution to the whole represents. As this man expressed it, he would like very much to be part of a group that would be taken about the plant, shown something of the operations as a whole. It is a prodigious task, but it is something for

us to have in our minds, as a possibility.

Most of our people have comparatively little educational background. They are not taught to think in abstract terms. It is difficult for them to concentrate. In addition to that, of course, we have a great many foreigners who have comparatively little understanding of the English language, and many of whom are making a very noble effort toward accomplishing some real results in their study of English. But if it can be admitted that it is desirable to bring a better understanding of management's problems to our people in the shops, and of their own function in industry, the question as to how that might best be presented immediately comes to the fore. We cannot go to a group of individuals such as compose our industrial population with the same kind of presentation that we would give in an advanced school of learning. We have to put ourselves as nearly as possible into the mental attitude of the individual to whom we are trying to bring a better understanding of these industrial factors.

Now, what is the attitude toward these problems, or toward the questions we want to bring to his attention? Describing fundamentals by charts has been tried with some success, if the charts were simple enough, but as a general rule they are more or less complicated and at best they represent an aggregation of lines that mystify, and then too, we have only two dimensions. There is nothing specifically concrete about a chart that the average worker understands. He is afraid of it from the beginning, is convinced he cannot understand it, and his attention wavers. He is dealing all day long with objects of mass, having three dimensions, color and weight, something that appeals to the physical senses.

Therefore, some other way we thought would have to be found to make the lessons effective, and to intrigue the interest that charts of that character were not capable of arousing.

I think it is fair to say that we can probably estimate the mentality of the average factory worker at approximately that of a fourteen year old child. That statement is based on the United States Army tests of one million seven hundred thousand men drafted from various sections of the country, and which number is probably fairly representative of the entire working population. There were only out of that entire group four and a half per cent that could be classified as possessing very superior intelligence, and seventy per cent fell into groups having a low average and inferior intelligence comparable with the mental age of

a child of from twelve to fourteen years.

That, in itself, means that we have to go back to fundamentals and first principles. We all know, of course, during our early lives the interest we had in something we could feel, we could build up, we could touch, we could see, and if that particular thing had a nice color scheme, it was just so much more appealing to us.

Casting about for something that would appeal to the lesser developed intelligences, a system of colored blocks, it seemed, would probably serve the purpose very well, and it was on that basis that this little system of blocks was developed.

Now, how to reach the men in the shop. Of course, it is obviously impossible to take two or three or five thousand persons into a mass meeting and give them the instruction or the understanding you would like them to have. It must be done in smaller groups. In some cases it has been attempted through the foreman, and if the foreman, representing as he does that close and very important link between the worker and the management, understands the problems of management and the problems of the business, has a willingness and desire to help and possesses the confidence of his men, he can probably do more in education in fundamental economics in his group of men than any one else in the organization. It is however quite a problem to bring foremen as a general group to that understanding.

Rather than confine our attention to the foremen, we chose all who represented the organization by election on shop committees. This group included foremen, bench and machine workers and office employees, in all about 200 to 250 individuals, a group quite large enough to deal with at any given time.

If the interest of the man at the bench or machine can be aroused in some of these fundamentals his influence with his co-workers will be quite readily felt and benefit ultimately derived, but the plan provides in its further development for a very definite activity with the foremen themselves, and particularly with regard to the department for which each foreman is responsible. Naturally, the analytical work that has to do with his particular department is of the greatest interest to him. That is one way in which we thought his interest toward this problem would be stimulated, and a greater interest developed through transmitting something that he definitely knew about and was responsible for to his own departmental organization.

Very few of our people in the shop have

given much consideration to what makes a business go. The majority of them have only the manifestation of that element which represents a particular piece of material they have to work with, and the time they put on that piece of material. To many minds, much of the other work is more or less superfluous. They hear of overheads — do not know what it means. The majority of them hardly realize that in many instances they themselves represent a very considerable measure of the overhead. Certain business goes by,—goes to a competitor, and it is not very long before that overhead question makes itself felt in the organization. "Well, how could we get it with our overhead so high?" I think you have all had that experience.

They should be taught to know something of what constitutes factors of cost. They should know that the only income from a business is what comes through the sales ledger. There are not so many businesses that are fortunate enough to have large investments. If there is only just so much to do with as an income, if more money is spent than that represents, it must necessarily be a loss. They ought to understand that the backlog of a business is absolutely dependent upon the difference between the aggregation of the various cost factors and the dollar value of sales. Without having a margin the business cannot endure. There are not many of our shop people who realize that before it is possible for them to actually find employment and a livelihood, somebody has to invest from three to five thousand dollars in plant assets which is the accumulation derived from what was left over after certain needs had been satisfied, or in other words, the gradual creation of wealth. It is exactly the same as though somebody staked an individual to that amount of money.

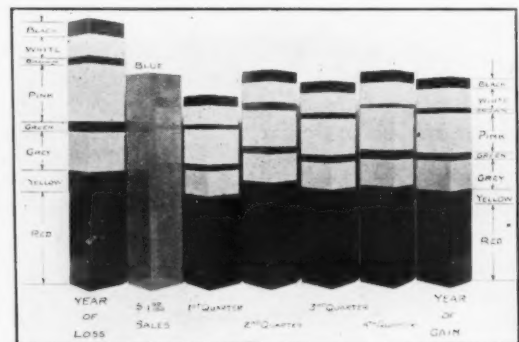


Figure 1.

Illustrative of that, there is the dollar value

of sales. Against that dollar value of sales which is the income, there must be a certain cost resulting from the operations of the plant. This can be broken down into general fundamentals of broad classification, not too detailed. We will say there is raw material and direct labor, then contributing labor, or what is often called indirect labor. Then come supplies, power, light, heat, maintenance; then fixed charges. It developed during this little activity of ours that the latter element was one of those mysterious things that people had heard about, but did not know what it meant.

Very few of our shopmen realized that it was necessary to charge an item of rent and taxes. Very few realized what a factor power, heat, light, and maintenance is, and through such visualization they began to realize how much can be saved by a proper understanding of the costs that are piled up when they are cutting air instead of cutting metal; when unused power is going to waste or when a machine is permitted to keep on running with no work in it. All of those facts can be emphasized further by means of these colored blocks and we may continue, with selling expense, items for allowed freights, discounts, etc., and administration expense.

We read in the papers of losses. The men in the shop realize that business claims to be making losses. They wonder where that money is coming from; how can it keep going if it is making losses. If we pile up the elements of cost that grow into the making of a sales dollar and those elements of cost are more than a sales dollar, a loss naturally results, and the accomplishment to be striven for constantly is to get the column of aggregate costs below the column of the sales value.

It was possible for us in this way to bring out what surplus means and what it stands for and to indicate how important it is for a business even from the standpoint of the worker at the bench to have that business developed and a surplus built up for its protection, and thus for the protection of the worker himself. We were able to show how in 1921, for example, in some instances, the entire pay roll was paid out of surplus or an accumulation of values over a period of years to carry that business on through very bad times.

It was shown what surplus represents, not necessarily cash in the bank, but generally and largely investment of earnings in plant and equipment, which because of its existence provides a borrowing capacity to be used for the benefit of the business and the workers in times of stress. It was extremely illuminating to see

how quickly a group of individuals grasped the points brought out. Their attention was riveted on one particular point instead of on a series of charts and there was nothing else to divert their attention.

Interest can be secured and held by setting up various periods against each other. It immediately gives a color scheme emphasizing the manner in which various items are fluctuating. If we take the item of direct or indirect labor, the item of raw material cost, the item of power, light, heat and supplies and follow the color band through a series of columns representing various periods, it visualizes very promptly precisely the point we want to bring out.

In most shops there is so much of the material lying around that a wrong perspective of values is often the result. The men in the shops are so familiar with seeing piles of material everywhere, that the mere fact that so much of it is lying around, regardless of its base value, causes a certain disregard for it. A good deal of spoiled work is directly the result of careless handling and indifference. The material lies on the floor, and instead of being picked up, it is stepped on or a truck allowed to roll over it.

If we consider a unit of a dollar of wages and see how it is divided with respect to material, which finally finds its way into the sales ledger and that which is lost due to spoiled work, it brings about a little better understanding of why that labor should be employed usefully and not wastefully.

It is possible to show the relationship of useful labor, to that which represents reclamation costs due to somebody's carelessness or error or indifference. Turnover, or the employment of new workers, has a direct bearing on what value is ultimately obtained from each dollar of labor cost and can be shown as well as spoiled work cost, which is gone for good.

Trying to get the spoiled work block down to a very much thinner section from period to period is one of the functions of the works management, and if these progressive developments can be shown, a tremendously psychological influence will be exerted on the shop people themselves.

There are many other factors that can be demonstrated by blocks in much the same way; for instance, the way in which wages are built up, rates established, etc., to particularly show that there are well established reasons for these relationships—that they are the result of economic law and study and not merely haphazard. So too can wages and their fluctuation

be directly and effectively compared with cost of living in a most illuminating manner.

So often we hear of our people being told outside that they are getting the short end of it. They are working from morning until night and they get, say, fifty cents an hour. They put a few hours in on working on some particular article which is ultimately sold for ten dollars, and it is intimated that the difference between what they are paid and the sales price is almost all profit. They do not realize how much of the actual value produced in industry goes to the worker.

Only four per cent of the entire manufactured income of the United States goes to the owners of the business. Quite a revelation to workers, as a general thing, something new to them. The management's share is five per cent, and the amount that is put aside into surplus account for extending and safeguarding business against violent changes in the business activity is represented by only sixteen per cent, and all the rest of it goes into our pay rolls.

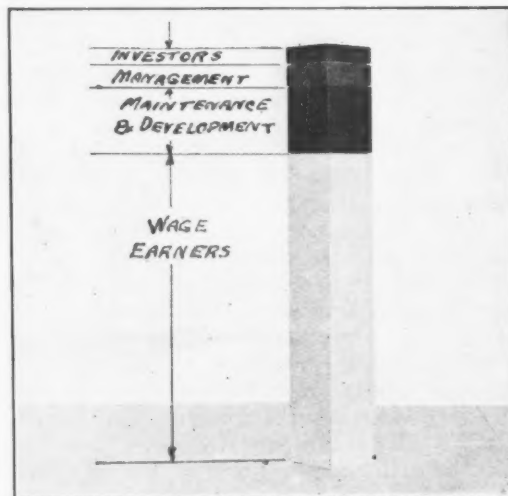


Figure 2.

Those are economic fundamentals that the man in the shop today as a rule does not understand, and he has no place from which to get that information. He does not know where to look for it, does not know what he wants if he tried to look for it, and some way must be found to try to bring a better understanding of what business is all about to his mind.

These little presentations last year in our shop were brought about during eight evening meetings. Talks were given to the groups described a little while ago, and were, first, "The Modern Business Objective"; then the

contribution of Finance, Production Sales, Research, General (including taxes, insurance, legal matters and items of that kind); then Service; that is, the industrial relations, compensation, disability, etc., and last "Our Business and What It Stands For."

In order to be sure that these presentations would all fit together, we chose from the organization those individuals who because of their background or because of their ability to present a subject in an illuminating manner, could be used for that purpose. They were given a subject which they were required to prepare and present to a committee of five or six of us a week before presentation to the whole group. Our reason for this was that we wanted to be certain that any presentation made would be in the simplest language and adequately covered the subject in proper relation to the other subjects constituting the series.

The reactions were good, so good in fact that this year when we started our little economic course we had hardly room enough in the cafeteria. Every chair that could be jammed into that room was occupied, and we are giving them at this time a series of eight talks, each one preceded by a twelve or fifteen minute movie selected particularly with reference to its appropriateness for illustrating the subject to be discussed. We are going now not so much into our own affairs, although they will be woven into these talks more or less, as primarily into the very simplest fundamentals of economics. Professor Fairchild's textbook on Fundamental Economics is used as the basis for the development of this course, and a good many of our men show an extremely active response. The course as projected includes the following subjects:

1. What economics is about and why it should interest us.
2. How it happens that the things people want are produced.
3. What determines the prices of things.
4. What banks are for and how things are paid for.
5. Transportation. How things are moved from one place to another. Risk insurance and speculation.
6. What the government does.
7. How things are divided. Why some have more than others.
8. What can be done to better matters.

In addition to this course there is also being conducted a course of eight presentations in metallurgy, particularly with regard to the problems entering into our business. This

course is open to all workers and is intended to broaden their background regarding the non-ferrous metal industry.

The mere fact that a group of individuals of that kind will sit in their chairs three hours and a half, listen to a talk and see a moving picture, and take part in the discussion, as has happened repeatedly, seems to be ample evidence of the interest that these people have in these broader fundamental principles of industry of which they are now a part and which while they do not now understand, they nevertheless would like to, if someone would help them in a way that would be intelligible to them.

Annual Report of The Industrial Relations Committee

By Mr. J. E. Otterson, Chairman

There has been no unusual activity in the field of industrial relations during the last year to engage the attention of your Industrial Relations Committee. The industrial peace referred to in last year's report has continued and the relations between employer and employee in the manufacturing plants of Connecticut have shown progress and improvement. Business, economic, social, political and industrial conditions have been favorable to such improvement.

There has been little unemployment; all classes have been regularly employed with wages at a rather high level. The experiences of the past have prevented these conditions resulting in undue labor turnover or in industrial disturbances. The public mind is set upon industrial peace and is opposed to strikes or lockouts. Business interests have sought to stabilize conditions and the forces of agitation and unrest have been unusually quiet lacking encouragement from public or political opinion.

There has been a shortage of some classes of labor, principally unskilled, due no doubt to the policy of restricted immigration. Industrial and economic needs will probably force a freer policy in this matter when the stabilization of conditions in Europe confronts us with competition at lower wage levels. Social and political conditions are not favorable at this time to the removal of the restrictions governing immigration.

The Executive Staff of the Association has continued to handle industrial relations matters with tact and judgment. The work has been largely that of rendering service where service was called for or required. It has been instrumental in bringing about better cooperation among the employers throughout the

state; more uniform conditions of employment, and a common treatment of the matter of industrial relations along conservative lines. The staff has brought about an interchange of information relating to the cost of living, wages, hours, working conditions and industrial activity where such interchange was in the interest of the common good. Care has been taken to see that this action did not take the form of disturbance of existing satisfactory conditions. Following the lines of helpful guidance, this work of the Executive Staff has not only maintained and improved the generally satisfactory conditions, but has been of specific service in particular cases where opportunity offered. The files of the Association record definite accomplishments along these lines.

The Association has also cooperated with local manufacturers' and employers' associations, has assisted in their organization and development, and guided them along the conservative and constructive lines followed by the State Association.

Industrial relations in a national sense have been particularly quiet during the past year with few strikes of a national character. Political interference with the natural forces has been minimized and opportunity for national agitation along political lines has been non-existent. Further progress has been made toward the development of the natural relationship between employer and employee freed from outside meddling or interference of a disturbing character.

The Open Shop Conference has continued its work during the past year and has received the support of the Association in a moral and financial sense. The Industrial Relations Committee believes that the satisfactory industrial relations conditions in the state are in part a reflection of the Association's policy of helpful guidance and conservatism, and are in themselves justification for a continuation of this policy. The Association's influence should be continued in the direction of the development and maintenance of good will between employer and employee; the creation of public and political sentiment favorable to the continuation of this condition, and the obstruction of the forces of agitation and unrest.

NEXT MONTH

WILLIAM H. BLODGETT, STATE TAX COMMISSIONER, WRITES FOR CONNECTICUT INDUSTRY ON "PROPERTY TAX TROUBLES, AD LIB"

NOTES FROM THE ANNUAL MEETING

ELECTION OF OFFICERS AND DIRECTORS

Mr. Willis F. Hobbs, chairman of the Nominating Committee presented the committee's nominations for officers and four directors to be elected at the Annual Meeting. Those gentlemen whose names follow were unanimously elected, the officers for a period of one

New London; and Mr. F. B. Farnsworth, Eastern Machinery Co., New Haven.

Those directors who continue on the Board are: Mr. Henry B. Sargent, Sargent & Co., New Haven; Mr. C. E. Bilton, Bilton Machine Tool Co., Bridgeport; Mr. F. B. Ricketson, Wauregan Co., Wauregan; Mr. W. W. Wil-



S. M. STONE



F. R. APPELT

year, the directors for four years, effective January 1, 1924:

President, E. Kent Hubbard

Vice-President, John H. Goss

Secretary, Treasurer, Robert C. Buell

Director representing Hartford County, Mr. Samuel M. Stone, president of Colt's Patent Firearms Mfg. Co., Hartford.

Director representing Litchfield County, Mr. Frank R. Appelt, general manager and secretary of the Warrenton Woolen Co., Torrington.

Director representing New London County, Mr. John F. Rogers, resident manager of the U. S. Finishing Co., Norwich.

Director at large, Mr. Harris W. Whittemore, president of the Eastern Malleable Iron Co., Naugatuck.

The By-Laws of the Association provide that there shall be sixteen directors each serving for a period of four years, none of whom shall be eligible for re-election for a period of one year following the expiration of his term.

Those directors whose terms expire at the end of this year are: Mr. Fuller F. Barnes of the Wallace Barnes Co., Bristol; Mr. C. H. Alvord, Hendey Machine Co., Torrington; Mr. J. P. T. Armstrong, Corticelli Silk Co.,

Wilcox, Crittenden Co., Middletown; Mr. William Park, Riverside Woolen Mills, Stafford Springs; Mr. F. S. Chase, Chase Companies, Waterbury; Mr. C. B. Whittelsey, Hartford Rubber Works, Hartford; Mr. F. J. Kingsbury, Bridgeport Brass Co., Bridgeport; Mr. E. A. Moore, Stanley Works, New Britain; Colonel I. M. Ullman, Strouse, Adler & Co., New Haven; Mr. C. T. Treadway, Horton Mfg. Co., Bristol; Mr. Oliver L. Johnson, Aspinook Co., Jewett City.

RESOLUTION ON TAXATION

At the afternoon session of the Annual Meeting, upon recommendation of the Committee on Finance and Taxation, the following resolution was unanimously passed:

"WHEREAS, the Secretary of the Treasury has proposed a material reduction of federal taxes and has shown the feasibility of such a revision of the revenue law, and

"WHEREAS, such a reduction would constitute a most constructive step toward the maintenance of prosperity and toward the return to normal conditions permitting normal business to proceed in a normal way, and

"WHEREAS, the proposed reduction of surtaxes will probably make available to industry investment capital which under the ex-

isting law escapes taxation by flowing into the channel of tax-exempt securities, and

"WHEREAS, the proposed revision of the revenue law will affect directly the great mass of the American people through the reduction of the lower income tax rates on small incomes and the removal of many small taxes affecting practically every one,

"THEREFORE BE IT RESOLVED that this Association express its hearty approval of the business-like program of economy in the conduct of the nation's business and reduction of national taxes as proposed by the Secretary of the Treasury."



J. F. ROGERS

A copy of this resolution has been sent to President Coolidge, Secretary Mellon, our Senators and Representatives and other organizations and individuals interested. It is suggested that members also write promptly to our Senators and Representatives, expressing their views on this subject.

ASSOCIATION WINS CLAIM AGAINST RAILROAD ADMINISTRATION

The Interstate Commerce Commission has recently granted a favorable decision in the case of the Manufacturers Association of Connecticut, Incorporated, against John Barton Payne, Director General of Railroads, as agent. The Association appeared in behalf of certain members who had overpaid freight on bituminous coal during the period of government railroad administration.

The Commission finds the complainants "made shipments as described and paid and bore charges thereon; that they were damaged

thereby in the amount of the difference between the charges paid and those which would have accrued at the rate herein found reasonable and that they are entitled to reparation with interest."

REPORT OF SPECIAL COMMITTEE TO SURVEY ASSOCIATION'S ACTIVITIES

The special committee consisting of Mr. C. F. Dietz, chairman, Mr. C. E. Williams, Mr. John Williams, Mr. L. S. Horner and Mr. J. P. T. Armstrong, appointed by the Board of Directors to survey the Association's activities, thru Mr. Dietz made its report at the after-



HARRIS W. WHITTEMORE

noon business session of the Annual Meeting. The report was approved by the meeting and referred back to the Board of Directors of the Association for such action as that body might find desirable.

AN APPRECIATION

"One of the strongest assets that the Association has is the very unusual work that is done by the members of its committees. I have no hesitancy in saying that I believe the success whatever that may be, or the standing of the Association today, is due to your committees who have given such valuable assistance in the work we are carrying on."

President Hubbard.

The Industrial Relations charts which were displayed in the foyer outside of the ballroom at the Annual Meeting, will be made a permanent exhibit at the Association's offices and members are invited to view them there any time.

FINANCE AND TAXATION AT THE ANNUAL MEETING

Morning Group Conference

The morning group conference on Finance and Taxation was opened by Mr. Miller, chairman of the committee, who referred briefly to the part played by the Association in local, state and federal tax matters. He then introduced Professor F. R. Fairchild of Yale University, tax advisor to the committee whose address follows:

Professor Fairchild.

We have often heard economics called "the dismal science," and I suppose taxation is the most dismal part of it. It is my unfortunate task to present this dismal subject to a crowd seeking merry entertainment once a year, and I shall try to do the best I can with it. A statistician of Connecticut, however, need not feel quite so glum these days as a statistician of almost any other state, as is demonstrated clearly enough by the figures showing the recent history and present condition of Connecticut finances.

Chart number 1 shows the revenues and expenditures of the state for each year from 1907 to 1923. The fiscal year of Connecticut ends on June 30, but before 1919 it ended on September 30. The year 1919, in which the change was made was therefore a year of only nine months. This explains the drop in the figures both for revenues and for expenditures in that year. There was in that year no real interruption to the steady increase shown by the figures for the other years.

The first purpose of this chart, as well as of chart number 2, is to show how the state is balancing its budget, or paying its way, from year to year. In preparing my statistics, I have therefore departed slightly from the accounting methods of the official reports. My figures are a consolidation of the general fund and the sinking fund. It is the combined account of these two funds that shows how the state is paying its way and how it stands financially at any time. Payments from one fund to another are ignored; such payments are merely taking money from one pocket and putting it into the other.

Revenues include (1) total revenue receipts as reported by the State Treasurer, (2) net income of the sinking fund (interest and premium and discount account), and (3) premiums on bonds sold and discounts on bonds bought, when not included in sinking fund account.

Proceeds of loans (par) are not included.

Expenditures include (1) The State Comptroller's civil list orders paid by the Treasurer, as reported by Treasurer and Comptroller; (2) any additional interest payments, for example, interest on school fund balances, and (3) premiums on bonds purchased and discounts on bonds sold, where not included in sinking fund account. Payments for retirement or purchase of state debt (par) are not included.

By keeping the accounts in this way, the surplus or deficit of each year agrees with the increase or decrease of the state's net debt.

STATE OF CONNECTICUT
REVENUES AND EXPENDITURES.

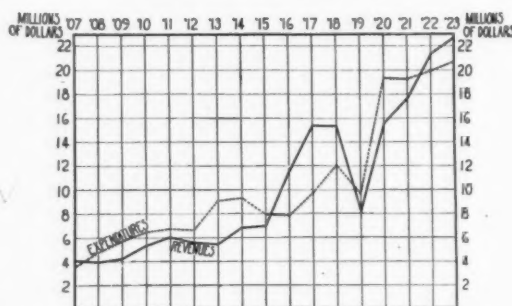


CHART 1.

STATE OF CONNECTICUT—REVENUES AND EXPENDITURES
(In Dollars)

	Revenues	Expenditures	
1907	4,062,829	3,522,298	+ 540,531
1908	3,925,552	4,739,609	— 814,056
1909	4,217,903	5,682,725	— 1,464,821
1910	5,319,941	6,450,786	— 1,130,845
1911	6,035,653	6,728,924	— 693,270
1912	5,615,417	6,655,750	— 1,040,332
1913	5,447,045	9,062,857	— 3,615,812
1914	6,825,808	9,293,412	— 2,467,603
1915	6,972,099	7,930,830	— 958,730
1916	11,540,358	7,875,944	+ 3,664,414
1917	15,394,785	9,747,175	+ 5,647,609
1918	15,355,030	12,104,479	+ 3,250,551
1919	8,238,047	9,679,579	— 1,441,532
1920	15,546,073	19,374,856	— 3,828,782
1921	17,674,921	19,288,022	— 1,613,100
1922	21,326,229	19,937,810	+ 1,388,418
1923	22,669,978	20,703,977	+ 1,966,000

MISCELLANEOUS CORPORATIONS TAX ON NET INCOME.
(In Dollars)

		% of Total Revenue
1916	1,598,081	14.0%
1917	3,255,898	21.0%
1918	2,602,473	17.0%
1919	32,960	0.4%
1920	1,801,661	12.0%
1921	2,944,737	17.0%
1922	1,930,308	9.0%
1923	858,499	4.0%

The net debt is shown in chart number 2, for each year from 1907 to 1923. The net debt is the total funded and floating debt of the state less cash on hand in the general fund and assets of the sinking fund. Of course the total state debt is not shown by these figures. But it is the net debt that really shows how the state stands financially. It should also be obvious that no account is taken here of other assets of the state, such as land and buildings, plant and equipment of state institutions, etc.

Returning to chart number 1, we see how the financial business of the state has grown during the past seventeen years. In 1907 the revenues were slightly over four million dollars while expenditures were about three millions and a half. An almost uninterrupted increase has brought us in 1923 to revenues of nearly twenty-three millions and expenditures of nearly twenty-one millions; amounts nearly six times those of 1907.

The chart shows also the part played by the tax on net income of miscellaneous corporations, the tax in which we are especially interested. This tax was first collected in 1916, when it produced about a million and a half, contributing fourteen per cent of the total state revenue. Next year it jumped to three and a quarter millions; in this year it accounted for more than a fifth (21 per cent) of the state's revenue. This was the high water mark. It has fluctuated since then as shown by the chart. The short fiscal year of 1919 did not include the date upon which this tax was payable (August first) which accounts for the fact that there was almost no revenue from this source in that year. The last year shown is 1923; that is the fiscal year ended on June 30 last. The tax on miscellaneous corporations reported for that year is the tax payable on August first 1922, based generally upon the incomes of the calendar year 1921. In like manner, the tax upon the incomes of the calendar year 1922, which was payable this fall (September first) will officially be reported in the receipts of the fiscal year 1924. I am able, however, to tell you today the amount that was certified to the Treasurer by the Tax Commissioner as payable this fall. The amount was \$1,754,118. This is the tax on the incomes of 1922, and it shows a marked improvement in business over the depressed conditions of 1921. The tax on miscellaneous corporations reached its low point in 1923, when it produced only \$858,499, being only four per cent of the state's revenue. For 1924 the income from this tax will be more than twice as great, and there are optimistic prophets who assure

us that in 1925 the figure will again be doubled and will surpass every previous year.

Chart number 1 shows us also the balance of revenues and expenditures, that is, the current surplus or deficit in each year. The year 1907 showed a surplus of revenues over expenditures of about half a million. Then began a long period of deficits. For eight years, 1908 to 1915, the state failed to make both ends meet, with annual deficits varying from \$693,270 in 1911 to \$3,615,812 in the worst year, 1913. The cumulative effect of these deficits was a rapidly growing net debt, as is shown by the figures of chart number 2. In 1907 the state had a small surplus of about a quarter of a million. By 1915 a net debt of nearly twelve millions had been accumulated.

STATE OF CONNECTICUT - NET DEBT.

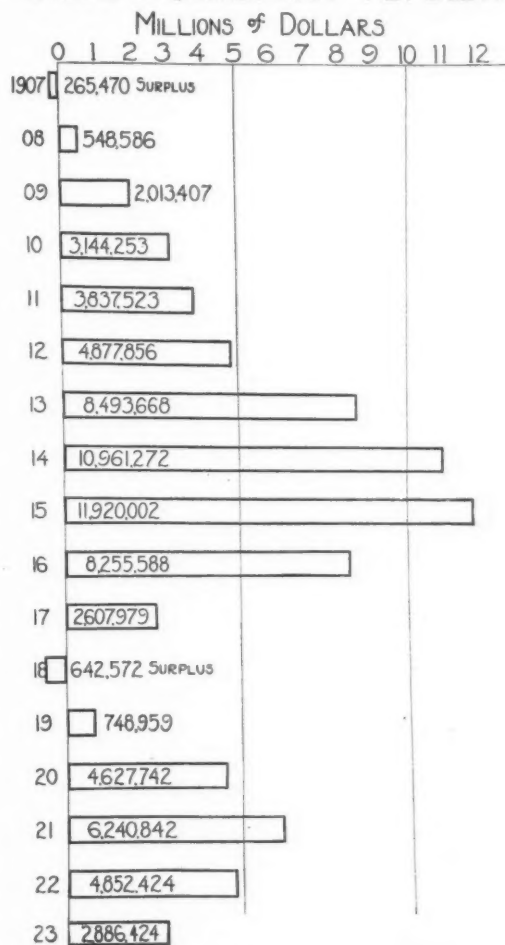


CHART II.

Now the tide turned. These were war years and business was generally prosperous. Also

the legislature of 1915 had introduced several new taxes. There was the tax on public utility corporations, water, gas, and electricity, and the state tax on stock insurance companies. The miscellaneous corporations tax was introduced and there was a material increase in the inheritance tax. Expenditures were held down, and the year 1916 showed a surplus, the first since 1907, reaching the handsome figure of \$3,664,414. Next year the surplus was over five and a half millions and 1918 turned in three and a quarter millions more. These three years wiped out the entire net debt, accumulated during eight previous years, and once more, in 1918, the state showed a surplus instead of a net debt. This is indeed a remarkable record, not often equalled in the annals of public finance.

The next three years (1919-1921) were again years of deficit, and a net debt of six and a quarter millions had been accumulated in 1921 (see chart number 2). Then once more the process of debt reduction was invoked, and a surplus of a million and a third appeared in 1923, followed by a surplus of nearly two millions in the fiscal year just closed. The net debt on June 30, 1923 stood at less than three millions. This is a net debt of barely one-seventh of one year's revenues, a most satisfactory showing. Connecticut's record of the past seventeen years has been a good one. It is not to be expected that a state should be able to balance exactly its revenues and expenditures each year. But our state has done what few states have been able to do; it has checked the growth of its debt before it reached large proportions and then wiped out the debt by surplus revenues. The creation of a permanent net debt has been avoided.

Chart number 3 contains certain facts which I did not present last year. It occurred to me that you might be interested in a graphic picture of the chief source of revenue of the Connecticut towns, the general property tax. The three curves show respectively the total grand list of the state, the average of the tax rates of the towns, and the total amount collected from the general property tax (including the personal tax) with respect to the tax lists of the several years from 1907 to 1922 (1921 for tax collected). The units of the scale are different for the three curves, in order to bring them all upon the same chart. The grand list has grown from \$833,537,086 in 1907 to over two billions (\$2,018,526,711) in 1922. The average tax rate has increased from 13 mills to 21.1 mills during this same period. The property tax collected (roughly

the product of these two) has grown from nine and a quarter millions (\$9,298,756) to nearly forty-one and a half millions (\$41,434,658) on the lists of 1921.

GENERAL PROPERTY TAX

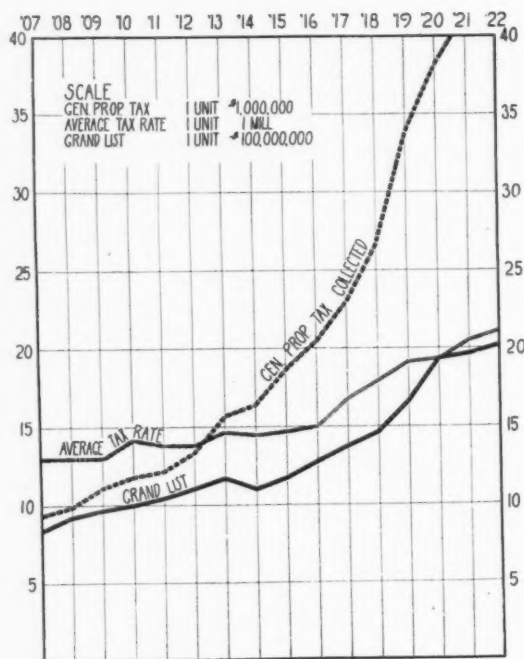


CHART III.

Obviously one of the most significant conclusions to be drawn from these charts is the great increase in the cost of state and local government in Connecticut, and it may be said in passing that Connecticut is no exception to the general rule. In order to bring this out clearly and also to introduce certain qualifying factors, let me invite your attention to chart number 4.

Here we have plotted (with units on the scale so chosen as to bring all curves within the same field) four curves, showing respectively the state revenues, the amount of the general property tax collected, the population of the state and the United States Bureau of Labor Statistics index number of wholesale prices. It appears that from 1907 to 1923, the state revenue increased 456 per cent and the town taxes increased 346%. The sum of these two may be taken as fairly representing the cost of state and local government in Connecticut. Their sum was \$13,361,585 in 1907 and \$64,104,636 in 1923, an increase of \$50,-

743,051, or 380 per cent. This is a very rapid increase.

Before jumping to conclusions, however, two qualifying factors should be introduced. The first is the growth of population. If cost of government increased only in proportion to population, there would obviously be no increase in cost per capita. Likewise we must consider the general increase in prices. As the price level changes, the state's expenditures, even for the same services, are affected. An increase only in proportion to the increase in the general price level would mean no real increase in the cost of government. Now the

THE COST OF GOVERNMENT IN CONNECTICUT

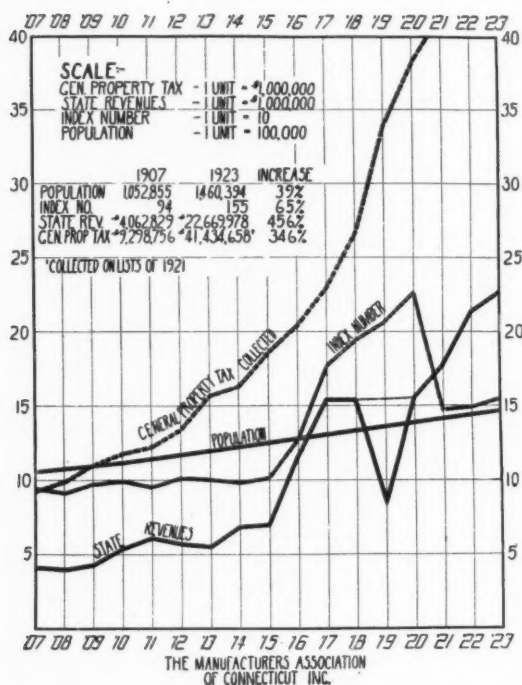


CHART IV.

population of Connecticut increased about 39 per cent from 1907 to 1923. The general price level, as recorded by the Labor Bureau's index number of wholesale prices (using 1913 as the base year), rose 65 per cent. Obviously these increases are by no means sufficient to neutralize the increase of 380 per cent in the cost of Connecticut government. We may still say, after making all necessary qualifications, that the cost of government in Connecticut has at least doubled in these seventeen years.

Government today is one of the most expensive of the necessities of life. Its cost is increas-

ing absolutely and, I believe, also relatively. By that I mean that it is probably increasing faster than individual incomes, so that a greater proportion of the earnings of the citizens is being turned over to be expended by government. Already it is estimated that the average citizen of the United States works about a month and a half out of each year to pay for the privilege of being governed. It is interesting to speculate upon this tendency and upon the end to which it may be leading. The limit would of course be a socialistic state with all the earnings of the people expended by the government. I scarcely think that this will ever come, but the subject is surely one that deserves our most serious attention. It is becoming more important every year to see first that government funds are expended wisely and economically and second that these funds are collected from the people with justice. We all wish to know that we are contributing our fair share and also that for what we contribute we are getting our money's worth.

I will close as I began by expressing the feeling that we citizens of Connecticut may congratulate ourselves upon the excellent financial record of our state and particularly upon her practical freedom from debt. Many states are not in that position; they have large permanent debts and their people are burdened with heavy annual contributions for the interest charge. Connecticut has escaped this. In the long run, she has paid her way, and we are all the gainers thereby.

(At the close of Professor Fairchild's address a number wished to ask questions. These, together with the answers are given below:)

Q. May we have Professor Fairchild's views on the Mellon plan?

A. I am wholeheartedly in favor of the plan which Secretary Mellon has put forth. It interests me particularly as a student of public finance because it looks as though, for the first time in the history of the United States, the public was going to have a chance to stand up and be counted. The politician who can go out and say "Look at all the money that was spent in my district last year," is the one who gets the votes, while the painstaking, conscientious one who sees that the leaks are stopped up does not count. Expenditure is popular, and economy does not secure for the politician any advantages. It looks as though we were going to have a showdown on this question. Of course it comes right down to the issue of reduction of taxation versus the bonus. While I did not come here to make a speech on the bonus, and I think I will rather sidestep

that, we can at least agree that the bonus represents an expenditure beyond revenues which are available to the government.

Secretary Mellon offers to reduce taxes from \$330,000,000 to \$350,000,000. That is an appreciable sum — about 10% of the total cost of running the government today, and it is about time we had some reduction after the World War. War always brings an enormous increase in expenditures. The Civil War brought our expenditures up to a figure never dreamed of before. When you stop to think that it cost a little less than a billion dollars to run our entire national government before the World War and that today it is costing in the neighborhood of four billions and that even the very helpful recommendations of the Secretary-Treasurer only propose to cut off 1/10 of that, it is perfectly safe to say that we will never get back to the position where the national government can be run on a billion dollars a year.

It seems to me that it would be very unfortunate if those of us who want to see a sound business-like administration of the national finances should divide our influence by separating on account of minor details, and I must say I cannot find anything worthy of very serious criticism in this plan. For one thing it has the advantage of affecting all the income taxpayers. The reduction of surtaxes and the repeal of the excess profits tax two years ago gave people a chance to say that all that was being done was to help the rich. But here is a program that is going right down to the very bottom of the income tax.

Q. Roughly the increase in expenditures on the chart shows about \$15,500,000 over 1907. How would you subdivide this to show the natural increase in the standard cost of living and the increase in the cost of government, which could be considered extravagance? How would you allocate these various ratios?

A. To get a rough approximation we may take the product of the relative levels of population and prices ($1.39 \times 1.65 = 2.29$), and say that these factors would have called for a level of government cost in 1923 equal to 230% of that of 1907 without any expansion of state services. The relative level in 1923 (state and town) was actually 480%. Dividing this by 230 shows a real level of a little over 200%. In round numbers, we may then say that the cost of government in Connecticut has about doubled after making all due allowance for the increase in population and prices. It is very difficult to answer this without a good deal more thorough analysis of

the expenditures of the state. There are certain things which would occur in one's mind at once. The principal item of expenditure is for support of highways. The principal items of revenue are the motor vehicle fees and the gasoline tax, and those sources of revenue are very closely related to support of the highways. It is rather difficult to show whether an expenditure is wise or not, whether it is extravagant or necessary. It will finally work itself down to the question of whether it is what the people want or not. Do the people want the state to perform this service wisely and economically?

Q. Can you tell in round figures the amount of state owned property and what the revenue would amount to?

A. I am sorry I cannot. Figures were promised to me but they did not come in. I have, however, some figures that may possibly interest you that I had forgotten; the results of certain revenues in the last few months. I think I said that the tax on net income of miscellaneous corporations produced \$1,754,000 last year. The tax on unincorporated business from July 1 to November 15 produced \$281,000, somewhat more than it did last year in the same period. The admissions tax brought in in this same period, from July 1 to November 15, \$177,000 as compared with \$151,000 in the year past.

It is apparent that practically all sources of revenue will bring in increased amounts during the next fiscal year. Nobody can tell in advance what they will be, but it is fair to say that the state will have more than \$22,000,000 to spend in the next fiscal year. We had a surplus of nearly \$2,000,000 in the last fiscal year and unless expenditures are permitted to increase we should make a good showing next year.

Q. I have a feeling that some of the credit for the fact that Connecticut has been able to escape accumulating a large debt may be due to the work of this Association and its Tax Committee. Do you not think that is so?

A. I think you are very right. I think it is perfectly fair to say that the Manufacturers Association of Connecticut deserves a great share of the credit for the wise financial administration of this state. I have been reading over the report of last year's Annual Meeting to see what my remarks were then and I noticed that I opened my talk by throwing some bouquets to this Association and its Finance and Taxation Committee. My feeling is exactly as it was a year ago. It has been a pleasure to work with this committee. I have a feeling that the strong influence which

this Association has had has been due to the highminded attitude it has taken. There are some organizations which the public feels are out to get all they can, and that sort of organization soon loses influence; everything it says is discounted. I do not think that has been so with this organization. It would not interest me at all to work with your Association if I did not feel that what you are after is to serve your own interest while at the same time the interests of the state as a whole.

Annual Report of the Committee on Finance and Taxation

By Guy P. Miller, Chairman

The work of the Committee on Finance and Taxation has been continued during the past year along the same lines as formerly, maintaining the same policies as in the past and using our influence to guide legislation affecting manufacturers by educational and constructive methods, with a desire to protect the interests of manufacturers in a broad way without hurting the interests of any other group of taxpayers.

As in previous years the committee has gathered facts concerning the condition of the state's finances including estimates of probable receipts and expenditures in certain directions and has come to its own conclusions concerning the necessities for legislative action to keep the budget properly balanced. We have kept in touch with the Tax Commissioner's office and the Finance Committee of the legislature, representing the interests of your Association by attendance at hearings before this committee and expressing the views of the Association in regard to the various bills introduced. We have had valuable assistance as in the past from Professor Fairchild and, during the latter's absence in Colombia, Professor Adams advised with us and appeared before the Finance Committee in our behalf.

The principal change made by the legislature in the corporation income tax law was the passage of an amendment denying the right to deduct losses of previous years and making the amendment retroactive. Although this change in the law was strongly opposed by your committee on the grounds that it was a backward step and created an injustice which had been recognized and obviated by the federal law and also that it was a mistaken policy not to follow the federal law for the sake of uniformity, the measure was recommended by the Finance Committee and was passed by the legislature,

largely on the grounds that it increased the simplicity of administration.

A minor change also made was the reduction of the minimum tax upon miscellaneous corporations from \$20. to \$10. Other changes in the laws relating to finance include the reduction of the state tax on towns from \$2,000,000 to \$1,500,000, exemption from the gasoline tax of fuels used in motor boats, provision that the proceeds of the gasoline tax shall be expended under the direction of the Highway Commissioner for construction, maintenance and re-construction of state highways, without special appropriation by the General Assembly for such purpose, and various administrative changes in the tax on unincorporated mercantile and manufacturing businesses, the tax on successions and transfers, the admissions tax, etc.

The state is paying its way and a little more, in spite of constant demands for increases in expenditures, having increased its surplus revenue from \$1,388,000 in 1922 to \$1,966,000 in 1923. The total net debt is now only \$2,886,000. While there is every indication that demands upon the next legislature for money will be exceptionally heavy, the receipts in certain directions will doubtless be materially increased. Receipts from manufacturers, based on earnings of 1922 were double those of the previous year while those based on earnings in 1923 will probably be the largest in the history of the state. The contribution by the manufacturers to the state's expenses has averaged more than double the amount originally estimated but we believe there is no just cause for complaint so long as the rate remains constant.

Considerable discussion has taken place in your committee regarding local taxation problems but in view of the diversity of opinion in the Association, we have no recommendations to make at this time. This problem has been greatly simplified in New York and other states by the exemption of personal property of manufacturers from local taxation.

In federal taxation there is also great diversity of opinion among members particularly regarding the sales tax. At present, in both local and federal taxation your committee has decided to take a protective position for members as it cannot on its own initiative establish a policy satisfactory to the members of the Association as a whole.

As the work covered by the committee is explained in considerable detail in Professor Fairchild's address given at the group meeting, it will not be necessary to go into further detail in the present report.

ANNUAL REPORT OF TRAFFIC COMMITTEE

By Raymond L. French, Chairman.

Clearing House.

The clearing house established last year at the executive offices of your Association for the handling of less carload freight during the embargo period, did a tremendous good for our members and continued the work until the embargoes were taken off in May. Credit is due the New York, New Haven and Hartford and the New York Central for their help during this trying period.

Help to Individual Members

Your committee has handled a great many propositions for individual members, and while we cannot undertake to appear before different tribunals for them we are more than glad to render whatever assistance we can to show them what, to our minds, is the best way to handle the cases.

Summary

Your committee has handled a great many subjects pertaining to rates, service, and other matters of general importance, the mere naming of which would mean nothing to the layman and would simply take up the time of this meeting, so I will cull out a few.

Consolidation of Railroads

This question was reviewed again and we still felt that it was a matter which extended largely into the realms of finances. For that reason we decided to take no stand on the subject except to recommend to the directors that in any consolidation made, there should be left open to us our present gateways and through rates.

Proposed Changes in Transportation — October, 1920

Last year I reviewed for you certain changes which radical members of Congress were attempting to make in our national transportation laws. None of these was made due to other matters crowding this question out. We are again faced with the same situation. All over the country the newspapers are carrying articles on this subject and one sees them in various magazines, indicating that it is a live question and of vital interest to all. Your committee has recommended to the directors that the Association go on record as opposing any changes in the Transportation Act at this coming session of Congress. Why?

Railway executives arranged to make expenditures for this year of about one billion dollars for new locomotives, cars, trackage,

other facilities, etc., and the excellent manner in which the roads handled the traffic which has exceeded anything they ever had before, bears out the fact that their judgment was good. The absence of embargoes during this period of heavy traffic is most unusual and gratifying.

The railroads felt that with the present Transportation Act on the books, they would make money and have the buying public back of them. For that reason they could afford to make the expenditures necessary to bring their properties up to standard. Great progress has been made, but the job is not finished and will not be if the proposed radical legislation is enacted.

It is apparent to most of us that our prosperity goes along with railroad prosperity, so it behooves the leaders of industry in Connecticut to do their part towards keeping out such legislation.

Labor Board

We are still opposed to having governmental agencies set wages, or intervene in the ordinary relations between employe and employer. We do not, however, suggest that any action be taken in this matter at this time, because of the divided opinion among the railroad executives.

Motor Transportation

We again recommend that our Association, with others of New England, and possibly the railroads, employ a commission, who shall make it their business to study the field, with the idea of once for all showing the proper and economical sphere of the motor truck in New England.

Until this question is settled our railroads will consistently tell us that we are overtaxing them and for the benefit of an industry that is eating into their vitals.

Your committee is constantly following the various changes recommended by the Highway Department as to weights on various roads as well as other matters, we believe with fair success.

Southeastern Freight Case

This long drawn out subject, which, if settled against us, means in keenly competitive business, losing our trade to the west, has been handled by New England interests as a whole, with the employment of able counsel and with the wholehearted support of the New England Traffic League. The case is now before the I. C. C. for settlement.

Proposed Increase in Express Rates

Last year I called your attention to the general express investigation, I. C. C. Docket No. 13930, in which case the Express Company was asking for an increase in rates as follows:

Eastern Group.....	18.12%	Increase
Southern Group.....	23.62%	"
Western Group.....	12.26%	"
New England Group....	30.00%	"

The final hearing on this case was held in Washington on April 19, since which time the Express Company has filed supplementary briefs asking for further increases to take care of increase in wages for certain class of express employes which became effective, August 1, 1923. This question is now in the hands of the I. C. C., no decision having been rendered as yet.

Railroad Service

The Association is to be congratulated on the fact that arrangements have been made to have one of the traffic officials of the New Haven Railroad attend our Traffic Committee meetings so that we can discuss at first hand, various matters of service, etc. This should be of great assistance to our members as well as a direct help to the road itself, in that our differences can be discussed freely, between men who know the game and are sitting with their feet under the table, with the idea in view of bringing out what is best for the community. Once more thanks are due to the New Haven officials for taking such a forward step.

Regional Advisory Boards

The American Railway Association has established Regional Advisory Boards throughout the principal parts of the country, one such to be located in Boston, consisting of railroad men and shippers, whose duty it will be to listen to the troubles of shippers, both large and small, with the idea of getting quicker action on matters which need correction and for the purpose of obtaining greater cooperation.

I want to again extend to the members of my committee, who have so zealously worked on the various subjects handled, my sincere thanks and appreciation, for the success we have had during the past year was due to their efforts, not mine.

My thanks are also due to the president and his staff, who always held out a helping hand.

NATIONAL IMMIGRATION CONFERENCE

A conference on the subject of a National Immigration policy will be held under the auspices of the National Industrial Conference

Board in New York on December 13 and 14. As members have already been advised by bulletin the Association will be represented but the attention of members has also been called to the conference inasmuch as individuals as well as organization delegates are invited by the Conference Board to attend. A program of discussion is being sent to all who request a copy.

Annual Report of the Agricultural Committee

By Mr. Wilson H. Lee, Chairman

I feel that one of the most important things that has been done this past year was in securing cooperation of the farmers last winter when we were endeavoring to get through an amendment to the immigration law. The farmers seemed to have a misunderstanding of the question, but I appeared before several of their organization gatherings and was able to get a resolution through, endorsing the entire bill.

I fully appreciate, as every man must, that has the interest of the state at heart, the interest that this Association is taking in agriculture, and I wish you could know as I do the different feeling that exists today among the farmers of the state toward the manufacturers, as compared with that of a few years ago. It is very pleasant to know that today they are taking a broader and more sympathetic view of the manufacturer's problems and realize what cooperation can accomplish.

MEETING OF NORWICH MANUFACTURERS ASSOCIATION

A meeting of the Norwich Manufacturers Association was held at the Wauregan Hotel, Norwich, on October 30th. By-laws were adopted for the organization and the following officers and directors were elected: president, F. B. Ricketson, Ponemah Mills, Taftville; vice-president, A. M. Van Wagenen, Atlantic Carton Corp., Norwich, secretary and treasurer, C. J. Twist, Shetucket Co., Norwich. Directors: C. F. Wells, United Metal Mfg. Co., H. H. Gallup, Norwich Belt Mfg. Co., Inc., J. Munz, J. B. Martin Co., E. L. Bliven, Norwich Paper Box Co., and H. M. Hitchon, Glen Woolen Mills. Following the general meeting the directors met, and, upon recommendation of the Manufacturers Association of Connecticut, authorized affiliation of the local association with the Connecticut Industrial Council.

REPORT OF THE RESEARCH COMMITTEE

By Mr. John H. Goss, Chairman.

This committee was appointed a little over a year ago as the result of a discussion among your directors with regard to the possibility of initiating some new activities in the way of service to the members or opening up of new avenues of contact which would result in service of valuable character.

Some of us felt that we had a great University in the state with tremendous potentialities for service to the industries in its personnel, and in its laboratories, for research, and while we knew that the University was already cooperating in the case of certain industries, we felt that by and large our members were not familiar with the fact that they could secure such service. We felt that possibly the Association could establish some medium of communication that would enable our members to secure this contact by giving them a more thorough understanding of what such a service would really mean to them.

Therefore, the directors voted to appoint a Research Committee and asked that committee to see what could be done in that direction. The committee has held several meetings with a committee appointed by President Angell of Yale University and a program has gradually been evolved.

Of course, the University is restricted in large measure in the kind of service it can render, and in the way it can render it. It is an educational institution and cannot undertake service that would rightly place it in competition with service that can be had from commercial laboratories, for instance. There are also certain legal restrictions.

We recently held the last joint meeting with the University committee, and at that meeting there were present, I should say, at least a dozen professors from the staff of the University, each in charge of a department. We went over the whole matter, its objects and purposes, and after the meeting was over, the understanding was reached that Dean Warren, the chairman of the University committee, should draft a tentative program, which would fit the conditions imposed upon the University in rendering services of this kind. The meeting was so recent that it is only this morning that I received a copy of that program.

It is the purpose of the committee to finally go carefully over this program and then decide upon some method of presenting it to the membership and see what the reaction from the membership may be.

The University, of course, is not in a position to handle at the start any great mass of requests, and some of the requests at the start would unquestionably be of a nature that could not be handled by them. Therefore, these requests will all come through the Manufacturers Association, then through its committee, and the committee will undertake to find out from the University just what can be done, reporting back to the inquirer.

(Mr. Goss then read extracts from the proposed plan. Because of the length of the program and the fact that it has not been acted upon by the committee, publication of it will be deferred until a later issue of the magazine when it will be published in its final form. Members wishing further information concerning this before its publication will be advised upon request of this office.)

NEW EXCISE AND SALES TAX REGULATIONS AFFECTING IMPORTS INTO CANADA

Effective January 1, 1924, new regulations have been issued governing the application of the excise and sales taxes provided for in the "act to amend the special war revenue act of 1915." Due to the great length of these new regulations and the limited space of this magazine, the Association will be very glad to furnish full information concerning these amendments to any one interested, upon request.

SHIPMENTS OF "MIXED PACKAGES" TO ARGENTINA

There seems to exist a great deal of confusion in regard to the shipment of "mixed packages" to Argentina. The customs inspector opens and examines these packages in detail, whereas if a straight shipment is made only one case would probably be opened. If however, mixed packages are sent, they should be accompanied by documents showing an itemized account of all the goods in the cases. The penalty for the failure to itemize carefully the goods results in extra duties, as the duty upon the highest taxed article is made applicable to all the articles, even though only one is a mixed package.

EXPORT DECLARATION ON FOREIGN MAIL

Business firms or business individuals mailing merchandise packages valued at \$25 to business firms or individuals in foreign countries and non-contiguous possessions of the United States are now required to fill out a postal export declaration.

ANNUAL REPORT OF THE ST. LAWRENCE COMMITTEE

By Mr. F. S. Chase, Chairman

Our subject is larger than the name would indicate. At least, you will permit me to so consider it, I hope, and so our committee considered it.

It not only means the development of the biggest natural canal that the world offers today, but the opening of the St. Lawrence would bring the sea-going ships into those Great Lakes and bring the products from a dozen states that are closely adjacent to those lakes, sending them to Europe. It is a project which I think is broad-gauge, a project which I think we gentlemen should whole-heartedly subscribe to and endorse.

Modern civilization is absolutely dependent upon transportation, and the more of it the better. We can't cut out any. The railroad may object to the highway trucks but we have to have them. They may object to the opening up of the St. Lawrence. The wisest of the administrators do not object so far as I know. It is an enormous and wonderful opportunity for carrying low grade freight from the West to the east, and vice versa, to the extent that it is accepted, and a great deal of our manufactured products can be carried with economy over the St. Lawrence route.

The thing that primarily interests us perhaps from a more immediate selfish point of view, although I don't know that it is really as important as the transportation problem, is the development of power. This development of power for New England is something that we are beginning to appreciate the importance of. When the original seed of our companies started, in Waterbury, up on a hill, there was a little brook there where with a forty-foot oak wheel we were able to develop twenty-five horsepower, and it was in order to avail ourselves of that horsepower that our concern was located on that hill.

Then it was found that one could raise potatoes in Woodbury and Watertown better than in Waterbury, so the man in Waterbury gave up farming and instead started making buttons and doing other things that demanded power. As a result of that we have invested there many millions of dollars.

Those plants must stay. The Naugatuck Valley has to retain that business. Without the manufacturers in Connecticut what would we have except a summer picnic-ground, and a winter place to depart from. Power is ab-

solutely essential. Fortunately, although we have no coal mines, we are not at the mercy, wholly, of the narrow conditions, the limitation of our surroundings.

An investment of twelve hundred and fifty million dollars in this project would return five hundred million dollars a year, some thirty-five or forty per cent profit. It would save a matter of fifty million tons of coal a year. In the meantime in the St. Lawrence River, running to waste, is five and a half million horsepower, and we are not generating here in New England in excess of six to eight hundred thousand horsepower now by water. There is eight times that running away.

When five and a half million horsepower is wasted, and in the Province of Quebec fourteen million horsepower is running away uselessly, going over the dam that has never been built as yet, we are robbing our hills in Pennsylvania, our mines, of fifty million tons of coal unnecessarily. We owe something better to those who come after us. This compact and portable form of power we have no right to waste.

Other people realize that. Norway is using her waterpowers with tremendous success and economy. Italy has no coal but white coal, and Italy knows enough to use it. France is just starting a great hydro-electric proposition.

In our country, the Pacific Coast is covered with connecting lines of power from Oregon to Southern California. In the mountains of Montana they are using waterpower to compete with us here, and properly. We haven't any Henry Ford here, but we have the Muscle Shoals proposition which is going to be used by somebody. There is a great group of water powers around the lakes, in the Wisconsin, Illinois and Indiana territory, which is being rapidly built up. They have cheap coal there.

Obviously we must wake up. We can't have the rest of the world, we can't have the rest of the country, many sections of which have greater advantages over us, alert in developing these powers, while we sit here and pay the price we are paying to pull these jangling freight trains of special cars, going back empty, loaded with coal mined at high rates, congesting our freight yards, interfering with legitimate traffic. We have got to use water; and incidentally, right here, let me say, we must use our coast lines to better advantage.

We must bring our coal as we used to before the war into New Haven Harbor and New London Harbor. It is foolish to crowd Saybrook and the other gateways to the detriment of the legitimate freight of the railroads.

The situation is wider than the St. Lawrence project. The St. Lawrence project means first cooperation of the Canadian Government. The United States Government has already taken the matter up with Canada. Canada has various problems and conflicting interests. It is a question whether Montreal wants to abdicate in favor of Duluth, and Toronto, and other places.

Canada is already heavily burdened with taxes for railroads. It wants to use those railroads. It will take time before it will be possible to get the Canadian Government properly to cooperate on this international problem.

There is a million and a half horsepower involved, half of which we could get, presumably, at the end of ten years. The problem is so great, it is so intricate because of its political character, because of its physical and engineering problems, that while we must make every effort to encourage it, we must look further. Representatives of the committee have made two trips to Canada, and they have been remarkable trips.

The first trip I myself took to Canada was for the purpose of studying the St. Lawrence project. We saw one development, now in partial operation, where five hundred horsepower is being developed in Chippewa Canal, below Niagara Falls and the possibilities there are something enormous.

Canada has wheat to export. Canada has water power to export. Canada wants to be brought to a realization of that. We need it. We are most fortunately located. Modern developments of electrical science makes it entirely practical to bring the current from 275 miles away from the St. Lawrence, and 450 miles away, from Lake Saint John.

I went up there the other day with a group that was inspiring. There was Mr. Samuel Ferguson, who has been selected to write the story of the trip. There was Mr. Henry I. Harriman, who is building up the Deerfield Valley; a representative of Stone & Webster; Mr. James J. Storrow, and then one of the most interesting men I have ever met, Mr. James B. Duke, sixty-eight years young, with a vitality and energy and breadth of view that is simply splendid.

He got in touch with the Canadian proposition. He obtained the rights to the water

flowing out of Lake Saint John, a little lake of some 350 or more square miles in area. It has an enormous field, draining off the land running back to the point where it turns and goes into Hudson Bay.

We saw there in the building, halfway completed, a third of his project, some 250 or more thousand horsepower. Our little concern, R. H. Chase and Company, started with twenty-five horsepower, one-ten-thousandth of that, one-hundredth of one per cent. You are dealing with big figures when you say 250,000 horsepower. As soon as that is completed he proposes to put below it, utilizing another 150 feet or more of falls, some five hundred thousand horsepower or more.

I struck something there which showed me in a way nothing else had, what cheap electricity could do. While talking to Sir William Price, who owns a quarter of this interest with Mr. Duke, I observed a great coal pile. He told me that it contained seventy-three thousand tons, but that they were not going to use it any more.

"Why?" I asked.

"Because we are going to replace our steam boilers with electric boilers."

Actually, they are going to use electricity, because, it is so cheap and so abundant at that point that they can afford to throw out their steam boilers, generate 750,000 tons of heat units and heat their water for manufacturing purposes that way.

In spite of Sir William Price's substituting electricity for the coal pile, in spite of the tendency to bring concerns into Canada using greater quantities of electricity, as they have gathered about the big developments at Niagara, in spite of all that, there are fourteen million idle horsepower in the Province of Quebec, and practically all of them available so far as an engineering proposition goes, to us here. Just as Canada has wheat to export, and it would be imbecility to suppose that they must use it there to keep the people alive, just so certainly for years to come has Canada horsepower which they do not need to develop local industries. Yet they cannot at the present time find any market for this.

It will take from ten to thirty million dollars to bring that power down here. None of our individual concerns can do it. Recently in our concern we decided we would not put in another five thousand kilowatt machine. Why? Because we thought we could better afford to buy than generate any more. We have enough for heating our plants, and immediate emergency. The next thing to do is to tie into the

main power companies, for the main power companies to tie in together, so they can tie into the companies in Canada.

James B. Duke has gone up there with his extraordinary personality, wonderful ability, the greatest courage. I hope that he will be able to come in as an outside force and say, "Gentlemen, you have been fighting here. You are getting nowhere. Let us combine with our St. Lawrence proposition; let us pour our power into connecting feeders. Let's go to the Canadian government and say, 'Gentlemen, you are missing an opportunity. This water is running to waste. There is a great revenue you can derive from it. We are in hearty agreement and accord. We beg of you to pass suitable legislation that will enable us to turn over to New England that is in turn prepared to deal with us in a large way, what will permit them to contract with us on a firm basis in reasonable quantities for we will say fifty years, and then in excess have them go on a give-and-take basis.'"

Let's do what we can in case of doubt, instead of spending our money in additions to our own power plants, which, let me tell you, cannot compare with the new plant at Devens or Hartford in economy, not for a moment compare with the great water powers in Canada. Instead of tying our money up there, let's play the game with our public utilities, see that our laws are proper, and if they do not keep their prices fair, if they are not giving good service (although intelligent selfishness would insist on it) let's get laws that will see to it. But let's get away from twenty-five horsepower, get away from our little springs. Don't attempt to compete with the city reservoir, don't attempt to compete with the telephone company, but take the next step, build up these power lines, make them toe the mark, make them play ball with Canada, put New England on the map.

J. W. HOOK PRESIDENT OF GEOMETRIC TOOL COMPANY

James W. Hook, formerly president of the Allied Machinery company of America, has been elected president and treasurer of the Geometric Tool Company of New Haven, to succeed the late Howard E. Adt.

NEW INDUSTRY IN NORWICH

The H. H. Allyn Rubber Corporation, manufacturers of a self-seal leak-proof inner tube for automobile tires, have leased factory space in the C. B. Rogers shop, Norwich, and will move from Philadelphia to that city.

MANUFACTURERS ENTERTAINED BY BRISTOL HOSTS

Fuller F. Barnes and C. T. Treadway of Bristol, members of the Board of Directors of the Manufacturers Association of Connecticut, recently entertained the officers, directors, and committee members of the Association at a sheepbake at Indian Rock. Members of the Association residing in Bristol were also in attendance, and in addition to a most delicious meal, guests were provided with an elaborate entertainment program including in addition to bowling, quoits and outdoor sports, a phantom radio entertainment from "Station MAC, broadcasting the sheepbake of the Manufacturers Association of Connecticut." Rain prevented carrying out racing and other events which Mr. Barnes and Mr. Treadway had planned and the party instead adjourned to the Wallace Barnes Get-together Club for the remainder of the afternoon.

PUTNAM FACTORIES SOLD AT AUCTION

The Powhatan and Morse mills at Putnam, formerly owned by the Nightingale-Morse Mills, Incorporated, were sold at auction by that firm at a recent sale. The Powhatan mill, which is a brick building five stories high, was bought by the H. K. H. Silk Company, and the Morse mill, which is a five-story building of stone, was bought by L. J. Harley, Jr., of Springfield.

NEW INCORPORATIONS

Among firms newly incorporated in Connecticut are the following: Barker Factory, Inc., Bridgeport; United Tool and Die Co., Hartford; Endurable Wadding Co., New London; Standard Rivet and Mfg. Co., New Haven; P. G. S. Co., of New Haven; Duveau-Ruckel, Inc., Stamford; Marsden Steel Co., New Haven; Mott Construction Co., New Haven; Connors Tool Works, Southington; Lashar Market Equipment Co., Waterbury.

A certificate of organization has been filed by the Hartford Tissue Mills, Inc., of East Hartford.

W. A. IVES MANUFACTURING COMPANY ENLARGES

David A. Buckley, Jr., of New York, has been elected secretary and a member of the board of directors of the W. A. Ives Manufacturing Company of Wallingford. Officials of the plant have announced that A. C. Smith, formerly foreign sales manager, will be in charge of the new branch which they are opening in Houdan, France, for the manufacture of bits and augers.

THE CONNECTICUT INDUSTRIAL COUNCIL

Report of the Chairman, MR. P. L. GERETY, given at the Annual Meeting

The Connecticut Industrial Council is, as most of you know, an informal state-wide organization comprising 32 local, county and state industrial associations. The Council was organized three years ago by the Manufacturers Association of Connecticut.

There are 22 similar councils in other states all affiliated with the state manufacturers association in those states. All such state councils are tied up with the National Industrial Council which was organized in 1907 by and as an integral part of the National Association of Manufacturers. Thus you see there is an unbroken series of contacts and relationships between the local association, the state association, the state council, and the national body.

The presidents and secretaries represent their respective organizations in the Council, and in the national council the state council is represented by the president of the Manufacturers Association of Connecticut and the secretary of the state council.

Prior to the organization of the Council coordination of effort on the part of many of the representatives of industrial associations was negligible. There was much duplication of effort, little cooperation, no centralized medium of contact or relationships, exchange of views, or organized activity on a state-wide basis, and no direct contact with national industrial affairs through organized industrial channels. As a matter of fact little personal acquaintanceship existed among the local secretaries.

The Manufacturers Association of Connecticut believed, therefore, that such a state of affairs justified the creation of an organization such as the Council, informal in character, which would tend to bring the representatives of organized industry together for the general purpose of creating a greater spirit of friendliness and of cooperation and for the discussion of problems of common interest.

The Council coordinates, insofar as may be practicable, the efforts of its affiliated organizations, and acts as a clearing house or medium of exchange of appropriate information and

service in behalf of members and the organizations they represent.

The State Association assumes responsibility for any expense incurred in meetings and in the distribution of material. There is no expense attached to membership except that incurred by members in travel to and from meetings. Meetings are subject to the call of the chairman. During this year four meetings were held, at which there was a total attendance of 67, and an average attendance of 17. There is no constitution or by-laws, or declarations of principles to govern the affairs of the Council. Proceedings are absolutely informal and do not commit organizations represented to any particular course of action.

The affairs of the Council are handled by an executive committee consisting of the following:

P. L. Gerety, Chairman; Industrial Association of the Lower Naugatuck Valley

Thos. J. Kelley, Vice-Chairman; Manufacturers Association of Hartford County

Harry J. Smith, Secretary; Manufacturers Association of Connecticut

Carl S. Neumann, Connecticut Foundrymen's Association

Leroy M. Gibbs, Waterbury Home Club

Alpheus Winter, Bridgeport Manufacturers Association

As the Council now functions it is an informal, deliberative body, with local, county, state-wide and national contacts rendering service in behalf of organized industry, in cooperation with the Manufacturers Association of Connecticut. This year the Council has taken a more direct and active participation in state and national legislative affairs. For the first time in the history of industrial association affairs in this state a joint meeting was recommended and called whereby the legislative committee of the Manufacturers Association of Connecticut, the Open Shop Conference of Connecticut, the Connecticut Chamber of Commerce met with the members of the Connecticut Industrial Council for the purpose of exchanging views on various state legislative measures. As a result of this joint conference many of the proposed bills were analyzed, opinions freely and frankly exchanged and definite cooperative effort was applied in either supporting or opposing measures which had been proposed. This resulted in a more direct,

uniform and effective application of service in the interest of organized industry.

As in the case of state legislative activity, I believe the Council is functioning more effectively in the matter of national legislative problems. All proposals which are brought before and acted upon by the national body, are presented to the local Council for its information and consideration. Through such procedure it has been possible to bring to bear an infinitely greater measure of coordinated effort. This year the Council considered and acted upon the proposed changes in the immigration law, and it supported organized industries program for amendments to that law. It took an active part in the soldiers' bonus measure and commended President Harding's stand on that subject.

The Council also acts on matters of a national character which are submitted to it by the membership and by the State Association such as, for example, commending the plan proposed to extend the efforts of the national association to widen the activities of the open shop department and also supported efforts to correlate the work of organizations seeking to prevent arbitrary control and practical enslavement of labor on the part of labor organizations or any others. It commended the Department of Justice and the courts who upheld the rights of the citizenry through their decisions concerning the right to labor and the right to quit work, which are fundamental and essential prerogatives of the citizens of a republic. It also supported the fundamental principles of taxation which form the basis of a program for the necessary revision of our Federal revenue laws, formulated and proposed by organized industry.

A considerable portion of the activities of the Council have been devoted to industrial relations problems, particularly with reference to the maintenance of open shop conditions. Pursuant to the principle established by the State Association the Council believes that whenever a strike occurs or where one is threatened, that fact is of concern to others than those most directly concerned, for the reason that whatever happens in a particular section of the state, either directly or indirectly, morally or materially affects other sections of the state. All local secretaries are therefore fully advised, they have the opportunity to safeguard the industries in their respective districts, to consult with one another and with the officers of the organization they represent, and finally coordinate effort in behalf of those directly involved. Although much has already

been done, I believe that the time is not far distant when it will be possible to utilize the combined support of the various industrial associations toward the maintenance of the open shop or toward fostering and developing any other legitimate and lawful movement in the field of industrial relations which are approved by the Industrial Relations Committee and the Board of Directors of the Manufacturers Association of Connecticut. In addition to the activities of the Council in relation to industrial disputes, it functions in cooperative fashion through the exchange of information on various phases of industrial relations matters, such as wages, hours, and working conditions; industrial activity; organized labor's activities; living conditions; state and national governmental activities; activities of local organizations; cooperation between employee and employer; employment and unemployment; advertising and soliciting for labor; solicitors and their projects, etc., etc.

Time does not permit of a detailed statement on all the functions of the Council. I have endeavored merely to briefly describe what it is and how it functions. I do, however, want to stress that phase of its activities which has to do with the exchange of industrial information, which I believe is an important function. The situation in this connection is analogous to that of a patient suffering from an ailment for which he knows there must be a cure. The patient's first logical step is to ascertain from competent medical authority the nature of his condition, and then, and not until then will he permit remedial measures to be taken. Similarly, in industry, there must be an adaptation of this principle. Curative measures cannot be intelligently and effectively applied until the exact nature and extent of industrial ailment has first been determined. It is not logical to suggest a remedy before finding the cause underlying the trouble. Hence the wisdom of the Council's policy of collecting and disseminating industrial data. It seeks to know the causes underlying conditions in industry so that those responsible may be in a position to apply remedial measures.

I wish to take this opportunity to express appreciation for the cooperation given the Council through its affiliated organizations and representatives thereof. I am convinced that the services and facilities of the Council in behalf of organized industry have been of such character as to justify its existence, and I bespeak for it continued support on the part of representatives of industry.

TRANSPORTATION PURCHASING AND SALES CONFERENCE

The meeting was opened by Mr. R. L. French, who as chairman of the Traffic Committee of the Manufacturers Association of Connecticut, presided. Cooperation between the three departments referred to was discussed by Mr. French, speaking for the transportation department, by Mr. W. T. Birney of the Winchester-Simmons Company, for the purchasing department, and by Mr. Arthur W. Fox of the Johns-Pratt Company, for the sales department.

MR. FRENCH:

We have arranged this group meeting today with the idea of bringing about better cooperation between the three business branches of our member plants — transportation, purchasing and sales and I want to speak very briefly on what I believe the transportation department of a concern can do as its share of cooperation with each of the other two.

First of all it can assist in charting territories so that at a glance the sales department is enabled to tell at what point selling and advertising should be concentrated. This is particularly helpful where selling is on a narrow margin. I know of cases where advertising has been carried on extensively in territories where the prevailing freight rate was such that the concern was placed at a disadvantage with other territories and could not meet the prices of its competitors. With accurate information available as to the proper freight rate from the competitor's shipping point, as well as from one's own, the purchasing agent and the sales department know exactly where they stand — at what figure they can buy or sell.

The point of first importance to us all is a satisfied customer. Goods poorly packed have many times offset the influence of excellent salesmanship and your traffic department knows how certain kinds and classes of goods should be packed.

Bills of lading must properly describe goods to insure the correct rate and the proper marking of cases also is important in insuring prompt delivery. If a customer wants his goods delivered quickly and the cases are not marked accurately, in all probability he will not receive his goods on time, if at all. If that happens often the customer will look elsewhere.

As service is one of the biggest factors in selling goods the transportation manager must know the time required for delivery. He must know his roads, the package cars used to make

deliveries and also the best terminal deliveries for the customer. In addition to that he should make weight agreements with the railroads in order that the goods may not be delayed before leaving town.

Quite frequently one cannot sell in a certain territory because the rate adjustment is unfavorable as compared with that of a competitor in another territory. The traffic man should then endeavor to show the officials of the road handling the goods that the firm is being discriminated against. If he cannot convince the railroad officials then he has the right to go to the Interstate Commerce Commission with the same argument.

It is safe to say that, when all this is done, there will be cleaner accounts, smaller losses, less trouble and fewer adjustments to charge to the profit and loss account.

Taking next the purchasing department we find that the traffic department can assist there by charting the territory from which goods are purchased in the same way as for the sales department, for freight, express, parcel post and trolley. In a great many cases the purchasing agent is quoted prices f.o.b. shipping point. If this rate information is before him or if he can obtain it promptly, he is able to compare one quotation with another and reach a prompt decision.

The transportation department should also chart the time required to transport incoming materials. This is particularly important in the larger organizations for the reason that it is very helpful in reducing inventories. I do not doubt but that the purchasing department is asked many times the reason for the large inventories on hand.

Full shipping instructions is a matter on which the traffic department should be called in. Methods of packing, classification of goods, etc., all affect the cost of goods. Of equal importance also is knowing how to ship at the cheapest rate. Many times goods are sent by all rail where boat rates would be cheaper; or possibly when goods are coming from some far distant point there may be two rail rates, one less costly than the other.

(Mr. French then introduced Mr. Birney who spoke from the viewpoint of the purchasing agent.)

MR. BIRNEY:

The purchasing organization of all of our concerns is interested in three things in con-

nection with its merchandise — quality, service and price. Quality always comes first; service second and price third. The importance of each factor in the purchasing price must never be overlooked.

We purchasing agents know the sophistry which many salesmen attempt to practice who say, "The modern purchasing agent has grown away from the fallacy of price. He is interested in securing the best quality goods obtainable." We listen to it courteously but we know what would happen if we tried to buy only on that basis.

The traffic man controls the movement of the goods we buy from the time they leave the shipping point until they arrive in our warehouse. He is the man who has to handle rating, routing, combinations and embargoes. All his knowledge in this and in many other matters is needed by the purchasing department.

In these days when prices are very high on many commodities and when railroad rates are high and getting no lower it behooves the buyer to work closely with the traffic organization on the matter of rates for the reason that there are still a great many jobbers who insist on selling f.o.b. shipping point. If the purchasing agent does not work closely with the traffic organization, keeping himself informed concerning new connections, new shipping points, new commodities, etc., he is likely to find himself on occasion in a position where he has to pay higher shipping rates than should be necessary.

I think that one of the important things in connection with the tie-in between the buying and the traffic organizations, assuming that each has a complete understanding of its needs, is a matter of morale, the good feeling between each organization and the desire on the part of each to give to the other all the help and cooperation possible. I think in the past there has been a little laxity in that. Today all of the big organizations have purchasing and traffic departments and possibly there is not as close cooperation as there might be between the two. I think, however, that the time is ripe right now for just such cooperation.

In our own organization we pass all of our purchase orders for goods coming from outside of New Haven to the traffic department for routing. In very few cases is this overlooked and we have found it a satisfactory way of doing business and a profitable way from the standpoint of both transportation and buying. I do not know whether all have adopted that

method or not but I think it is worthy of your consideration. It is particularly helpful in the case of a connection situated unfavorably, as it offers the opportunity to look up another connection which would possibly be more satisfactory in effecting better delivery at a better rate.

Another point that I think the average purchasing agent has particular interest in, in connection with the traffic department, is in relation to his salvage work. I think most of us in purchasing organizations of manufacturing concerns have the control of salvage sales and there is a point in dealing with scrap that must not be overlooked. By that I mean the movement of scrap to destination. My experience on scrap sales has shown me that there is considerable difficulty in shipping it and a considerable opportunity for combination. It was one of the first things on which we tied up with the traffic department and in order to be fully protected on scrap shipments in the matter of freight rates you should all work closely with your traffic department.

The next opportunity for cooperation between the traffic and the purchasing department comes in connection with claims. The traffic department must always work vigorously with the buying department in connection with railroad claims, parcel post claims, express claims or the claims made by a shipper who uses motor trucks entirely.

There is just one thing that adds flavoring to this whole business game and the relationship between traffic, purchasing and sales — one thing that adds spice to the whole performance and makes our burden 25 or 50% lighter and that is putting enthusiasm into it. Be enthusiastic about your connection with your traffic and sales department; be anxious to cooperate with them and to develop on their part the same enthusiasm. Get together.

We are all members of a big fraternity — the fraternity of buying, selling and shipping. There is the heart and soul of business. From the executive end of the business, plans, policies and principles of the company are passed down to us to deliver the goods. We have to perform; why then should we not perform in a cooperative fashion, each working and helping the other rather than going along in a heedless, selfish fashion not considering the other fellow and not getting from him the valuable help that he can give us.

(Mr. French then introduced Mr. Fox who addressed the meeting from the viewpoint of the sales manager.)

MR. FOX:

I really think this subject is stated the wrong way around; it should be "Cooperation of the Sales Department, Purchasing Department, and Transportation Department." First of all we must sell goods if the purchasing department is going to have anything to do and certainly if the purchasing department has nothing to do, neither then has the transportation department. The keynote is really, I think, the cooperation of the sales department with those other organizations, and I believe this can be accomplished in a very distinct way.

Our sales department exists for just one purpose — to make money for the company. In order to make money for the company, we must have customers. If we are going to have customers, real customers, we must give them service. If we are going to give them service, we must have the cooperation of all three departments. The sales department's one wish is to secure an order, but when the order is obtained, the factory must ship it promptly, if that customer is to be held. If all things were equal, and the purchasing agents and sales departments could have their way, there would be no trouble at all. They would simply buy and manufacture sufficient quantities for long periods of time and neither they nor the transportation department would have any great worries. Unfortunately, however, we have one other factor which cannot be overlooked — the management. They cannot show a profit unless they have a sufficiently high turnover. They must keep the investment down to the lowest possible point, because the more rapid the turnover, the more money they will make. I am not addressing myself to those larger organizations where there is a very distinct tie-up between the sales department and the purchasing department and where schedules are laid out far in advance. They are in the minority, I believe, and, unfortunately, we cannot be classed in that select group.

I have here two charts based on a very simple system and from the whole system I have chosen certain points to bring to your special attention. It is rather hard to link up these charts because there are steps in between that are not shown. Chart A shows the actual card — nothing but the common garden variety of stock desk record. I am not starting with a completed device because I thought the purchasing agents, as such, would be more interested in seeing something they buy and just how it is handled. The particular piece to which this chart has reference happens to be a porcelain base, our part #2128.

THE JOHNS-PRATT COMPANY REQUIREMENT REPORT					
CAT. NO.		DESCRIPTION		Date 8-25-23	
PART NO.	2128	Porcelain Base		USED ON 5025	
MADE	BOUGHT				
MAX. 750	MIN. 375	USED LAST YEAR 1880		USED LAST 1 MO. 2700	
1880	500				
LAST ORDER NO. 21888	QUANTITY 2500	DUE 451	BAL ON HAND 486	Stock Room Count 9-23 470	
REQ. FOR ORDERS 750		MADE BY		HAVE STOCK FOR	
ORDER 750		APPROVED DATE B.S.C. 9-4		APPROVED DATE A.W.F.	
REMARKS Release Balance of Order 21888					

CHART A

We carry a maximum and a minimum — 1000 and 500 respectively — which were recently changed to 750 and 375. I think the majority of people are running a maximum and a minimum on all parts and it is really the only logical arrangement. Furthermore, I believe that nearly everyone checks the card count and the actual bin count about once every quarter. The bad feature of this arrangement is that a long period of time may elapse between checks unless some systematic way of avoiding this is adopted. Therefore, we endeavor to do it in a more systematic way so that the work is not left until someone finds time to do it. It comes up every day as each item drops to the minimum. When we reach the minimum, which, on the card, was 500 in August, we automatically put in what we call a "requirement report." That gives a general review of that part or device. From the yearly sheet we show the maximum and minimum quantity used last year and the quantity we used in the past three months. In looking over the yearly sheet we find that the requirements of the three past months on this piece would be abnormal. Therefore, we do not follow it absolutely, but, nevertheless, the wisdom of having all the records for the past year is patent. This record of past experience enable us to gauge our requirements more closely than we could otherwise do.

The next heading of the "requirement report" is "last order number," then "quantity." The fourth item in that line is "balance on hand" which according to the card was 486. The "requirement report," when it gets to this point, goes to the stock room for a recount, because now is the time to find out if the bin count agrees with the card count, and the actual stock room count on this piece showed that they did not quite tally. The third line from the bottom shows the requirements for orders, which in this particular item, is 750. With this information, it goes to the

production man and he determines the quantity that it is advisable to carry.

After the report has gone through all the other channels, it goes to the management, and the manager, with all the information before him can use his discretion. The system is not a hard and fast one. Its application depends entirely on the type of material concerned. In this case, the management elected to change the maximum to 750 with a minimum of 375. Theoretically only, we run a maximum of two months with a minimum of one month. We have thirty days' supply when we give the purchasing department an order for two months; in other words they have thirty days in which to secure the material. In the case of porcelain, which requires a longer time, we do not adhere to the two months necessarily. The time requirement depends on the material. We have found, however, that with the majority of material, thirty days' allowance for the purchasing department, cooperating with the transportation department will, as a rule, get materials in so that by the time we are ready to put through another quantity from the manufacturing point of view, we have at least the minimum of materials on hand.

The sales department has now had an opportunity to set a maximum and a minimum to satisfy the customer to the extent of giving him relatively good service.

The last step in connection with cooperation between the departments has to do with the figures in the following chart:

SHOP ORDER		MFG. ORDER		QUANTITY		DATE	
23365		B13705		20		6-21-23	
NO.		NO.		NO.		NO.	
SUB. JUM. BOX		250 400		3 6		07566	
ARTICLE		QUANTITY		QUANTITY		QUANTITY	
PART NO.	QUANTITY REQUIRED	AMOUNT IN STOCK	RAW MATERIAL	REQ.	DEPT. ORDER	STOCK PROM.	PARTS PROM.
-311320	+20	0	T & F 4513	22574	88302		8/27
-32497	+600	U 5					
-311321	+20	0	T & F 4514	22575	88302		8/27
-32168	+40	0	T & F 3832	22433	88169	Hire	7/15
-61432	+80	0	CORBIN 3779	22434			7/25
-32898	+20	0	Am. Name plate 4183	22484			7/28
-64114	+40	R					
-323350	+20	0	31 3/4 x 1 3/8 x 1/8 S.S.		88303	O.K.	
-6338	+600	7	CARTER 4500	22576	88304	Hire	
-21687	31 20	0	M.M. 4793	22591			8/30
-22952	31 80	0	CARTER 4778	22592	88312		8/6
-22296	31 40	0	CARTER 4777	22601	88325		8/15
-22297	31 20	0	1/2 x 1 x 2 3/8 Hd Cu	12077	88313	Ans	9/4
-22298	31 20	0	1/2 x 1 x 1 7/8 W.C.	12077	88314	466	7

CHART B

This form is part of what we call the "Bible" copy. It is in reality the production schedule of materials required for any par-

ticular order. On every order that goes through we make one for the planning department, one for the purchasing department and one for the cost department. The figure in the upper left-hand corner is the shop order number and immediately underneath is a short descriptive title. This happens to be for some underground junction boxes. The other descriptive matter on the top of the card is not pertinent.

The left-hand column contains our part numbers. The absence of code letters or symbols on our part numbers will be noticed and many people take issue with me on this point. It is my contention that letters or symbols are too susceptible of being garbled, or dropped altogether, whereas if figures alone are regularly used, the chance of error is reduced to a minimum.

In the third column is shown the quantity we have in stock and following that is a column to show where the parts are to be had. This information we consider worth recording because it gives a better vision of what the purchasing department and the traffic department have to do. In the fifth column are the requisition numbers. Next come the department orders from the factory. When the cost department is desirous of getting a cost on this device, they can obtain their information from the purchasing department or from their time records.

The feature that is of particular interest to this group is that the purchasing department having this slip before them can put on it such information as they care to, and for their purposes they make use of all sorts of hieroglyphics. Incidentally, this card makes mention of only about half of the material required.

Promises of these parts are given as shown in the last column. The purchasing department sees that the last material due on that order is on September 4, and consequently, there is no necessity for shipping in by express or parcel post material that will arrive there in any event on July 15, or July 25. They are interested in making certain that the material arrives by September 4 and they work to see if delivery can be secured by August 30. If they can bring delivery that much ahead, the factory can ship the product sooner. Cooperation from their end with the sales department gives them the chance to know what they have to do to cooperate with the transportation department in selecting the best routes for the incoming material and to give the cooperation that we look for.

SALES EXCHANGE

In this department members may list without charge new or used equipment or supplies. Copy must be in hands of editor by the fifteenth day of month preceding publication.

FOR SALE

- 2—Vertical Bigelow boilers
- 2—Superheaters
Address S. E. 71.
- 1—Bigelow return tubular steam boiler,
150 H. P.
Shell 72" diameter, 19' 6" long
Heads 18' apart
Shell plate 7/16" thick
Heads 1/2" thick
86 Welded charcoal iron tubes, 3 1/2" diameter.
Address S. E. 72
- 3—Coppus Turbo blowers, 20", single stage, type A. Very
good condition.
Address S. E. 73.
- 1—Steam engine made by Brown Engine Co. Bore of
cylinder 18"; stroke 44"; R. P. M. 72; 250 H. P.
Diameter of balance wheel 12'; face 26".
Address S. E. 69
- 1—Cochrane Bly "Universal" die milling and shaping
machine, complete with latest design shaper head,
rotary table and tools. Price \$800.
- 1—Gardner 4 H. P. 3-phase 220 volt 1800 R. P. M.
buffing lathe, with starter (new). Price \$300.
- 1—Connecticut intercommunicating telephone system—
10 stations with cable—2 extra phones. Price \$75.
Address S. E. 66.

WANTED TO BUY

- 1—Radial drill, 5 ft., belt or motor driven.
Address, S. E. 68.

FACTORY PROPERTY FOR SALE OR RENT

- 1. Factory building of brick construction, located in
Hartford. Two stories high and contains approximately
30,000 sq. feet. Steam heat, electric lights and good toilet
facilities. Second floor has skylight running full length.
Available almost immediately.
- 2. Factory of brick mill construction located in Bridge-
port. Contains approximately 32,000 sq. feet. Sprinkler
system, elevators, good heating plant, etc. Property in-
cludes additional land. Available before January 1.
- 3. Factory property in Willimantic consisting of a one-
story concrete building with basement and containing in all
about 16,000 square feet. Property closely adjoins the
railroad and has its own private switch. Sprinkler system
is installed and the building is wired for power. Photo-
graphs and blue-prints at this office.

EMPLOYMENT SERVICE

This department is open to all members without charge. Copy must be in hands of editor by the fifteenth of month preceding publication.

SECRETARY—Young man, age 25. Experience as clerk and stenographer for four years with New Haven Railroad. Seven years with large Connecticut industry, part of this time as chief clerk and secretary to warehouse superintendent. At present time holds position of private secretary to manager of Connecticut firm. Address P. W. 93.

STOREKEEPER—Age 30, married. Seven years with New Haven Railroad in various clerical capacities. For last seven years storekeeper for public utility. Work included ordering of supplies, general accounting, disbursements, handling invoices, freight bills, inventories, etc. Three years of this time spent in installing stock system, in different divisions, diverting material, etc. Address P. W. 94.

SALESMAN—Age 26, married. Graduate of high school, military academy and preparatory school. Left Mass. Inst. Tech. to enter army. Has had two years factory experience as moulder and pattern maker and two years selling. Address P. W. 95

ACCOUNTANT—Age 42, married. Ten years with New York firm of electrical engineers and contractors, later with firm of public accountants. Present duties are those of an assistant treasurer. Familiar with commercial law, tax returns, and general business matters. Address P. W. 96.

WORKS MANAGER—College graduate, 20 years experience in manufacturing, including 15 years as general manager of foundry and machine industries with entire executive and administrative responsibility. Similar position desired in southern New England. Address P. W. 64.

